

# Audit and Governance Committee

## Agenda

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**Date:** Thursday 24th September 2020  
**Time:** 2.00 pm  
**Venue:** Virtual Meeting

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### How to Watch the 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 top of each report.

It should be noted that Part 1 items of Cheshire East Council decision making meetings are 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

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3. **Public Speaking Time/Open Session**

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 - 14)

To approve the minutes of the meeting held on 30 July 2020 as a correct record.

5. **External Audit Update Report** (Pages 15 - 28)

To receive and consider the External Audit Update Report.

6. **Internal Audit and Counter Fraud Plan 2020/21- Progress Update**  
(Pages 29 - 42)

To consider and approve an updated Internal Audit Plan 2020/21 which takes into account the impact of Covid-19 upon delivery of the Plan that was agreed in March 2020.

7. **Annual Risk Management Report 2019/20**

To consider the Annual Risk Management Report for 2019/20.

*Report to follow*

8. **Treasury Management Annual Report 2019/20** (Pages 43 - 50)

To consider the Treasury Management Annual Report for 2019/20.

9. **Committee Work Plan** (Pages 51 - 64)

To consider the Work Plan and determine any required amendments.

10. **Waivers and Non-Adherences** (Pages 65 - 70)

To consider and note the number and reason for the WARNs approved between 1 July and 31 August 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 July and 31 August 2020.

**Membership:** Councillors R Bailey (Vice-Chairman), C Bulman, D Edwardes, B Evans, R Fletcher (Chairman), 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, 30th July, 2020 at Virtual Meeting

**PRESENT**

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

Councillors C Bulman, D Edwardes, B Evans, S Hogben, M Houston,  
A Kolker, M Seward and M Simon

**Independent Co-opted Member**

Mr P Gardener

**External Auditor**

Mark Dalton, Mazars

**Councillors in attendance**

Councillors J Rhodes, A Stott, J Clowes, M Beanland, A Moran, P Redstone  
and J Saunders

**Officers in attendance**

Lorraine O'Donnell, Chief Executive  
Jane Burns, Executive Director Corporate Services  
Alex Thompson, Director of Finance and Customer Services  
Asif Ibrahim, Interim Director of Governance and Compliance  
Josie Griffiths, Head of Audit and Risk  
Michael Todd, Acting Internal Audit Manager  
Graham Pawlett, Chief Information Officer  
Juan Turner, Compliance and Customer Relations Officer  
Rachel Graves, Democratic Services Officer

**13 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**14 DECLARATIONS OF INTEREST**

No declarations of interest were made.

**15 PUBLIC SPEAKING TIME/OPEN SESSION**

Sue Helliwell asked about the £20,000 that the Cheshire Neighbours Credit Unit had received from the Council and asked for confirmation that the money went to the most vulnerable people and not to the directors, managers, staffing costs and rental costs.

Director of Finance and Customer Services responded that the Credit union had provided suitable evidence and that the money could not be gifted to individuals. He suggested that she contact the Credit Union directly with any further questions on their accounts.

Councillor Tony Dean asked about the source(s) of the reported £2m in s.106 funding which have been identified as possible funding to encourage developers of Community Housing sites in the Cabinet's proposals.

The Executive Director of Corporate Services responded that this was a question for Cabinet, as the scheme had only just been agreed, and once the monies were included in the accounts, then the Committee would be able to provide assurances. The Director of Finance and Customer Services stated that any movement of money between schemes would require approval and agreed to provide a written response to the question.

Councillor Janet Clowes referred to the monthly Covid-19 financial returns submitted to the Government and asked if this Committee and the Corporate Overview and Scrutiny Committee could see them. She also asked about specific auditing of Covid-19 income and expenditure.

In response the Director of Director of Finance and Customer Services stated that the returns were published by the Government and that he would circulate the link to them. Mark Dalton of Mazars responded that they would be looking at the significant amounts of income and expenditure in relation to Covid-19 as they undertook their audit of the Council's Statement of Accounts in the next few months. There were no specific audit procedures in relation to Covid-19 but understood that the Government may ask the auditors to undertake some certification work and he would inform the Committee is this was to happen.

Councillor Patrick Redstone stated that he had been going to ask a question on the £4.5m of discretionary government funding available for small and medium sized businesses under Covid-19 but had received a phone call that morning from an officer concerning this money and had been reassured that this money would be released and distributed and was awaiting an email from the officer confirming the details.

## **16 MINUTES OF PREVIOUS MEETING**

### **RESOLVED:**

That the minutes of the meeting held on 28 May 2020 be approved as a correct record.

## **17 EXTERNAL AUDIT UPDATE REPORT**

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

He reported that since the last meeting monthly video meetings had taken place with the Director of Finance and Customer Services to ensure the Auditors kept up to date with the Council's response to the challenges faced, and that there were no issues to report to the Committee at the present time.

**RESOLVED:**

That the contents of the External Auditor's report be noted.

**18 DRAFT PRE-AUDIT STATEMENT OF ACCOUNTS 2019/20**

The Committee received a presentation on the Draft Pre-Audit Accounts for 2019/20.

The presentation set out the important dates for the approval process for the Statement of Accounts, following the changes made due to the impact of the Covid-19 pandemic, and also provided summarised details of income and expenditure, assets and liabilities, level of reserves and indebtedness, and the Balance Sheet.

The presentation would be circulated to the Committee members following the meeting.

The accounts would be available for public inspection for 30 working days between 3 August and 11 September 2020. Mazars would carry out their formal audit before the accounts would be present to the Committee on 11 November 2020 for approval in time for publication by the deadline of 30 November 2020.

**RESOLVED:** That

- 1 the summarised position of the accounts for the year ended 31 March 2020, based on the presentation at the meeting, be noted; and
- 2 the important dates in relation to the approval process for the Statement of Accounts be noted.

**19 INTERNAL AUDIT ANNUAL REPORT 2019/20**

Consideration was given to the Internal Audit Annual Report for 2019/20 on the overall adequacy and effectiveness of the Council's control environment. The report supports the Annual Governance Statement.

The Internal Audit team opinion on the Council's framework of risk management, control and governance for 2019/20 had been assessed as Adequate.

The Committee noted that the staffing resource for Internal Audit had been limited during 2019/20 with some management roles being filled via acting up arrangements and the resource available being carefully managed to carry out the audit work. Further to this some Internal Audit officers had been redeployed as part of the Council's response to Covid-19. Clarification was sought that no officer would be auditing an area that they worked in on redeployment. In response the Head of Internal Audit and Risk confirmed that each piece of work had terms of reference which were signed by the Internal Audit Officer to confirm that they did not have a conflict of interest, which included operational work in the area to be audited in the last two years.

It was noted that there had been a delay in the implementation of the risk software due to the impact of Covid-19. An update of Risk Management would be brought to the next meeting.

The Committee thanked the Internal Audit Team for their hard work whilst short staffed and re-deployment to COVID-19 work.

**RESOLVED:** That the Committee

- 1 note the contents of the Internal Audit Annual Report 2019/20; and
- 2 note the Internal Audit opinion on the Council's framework of risk management, control and governance for 2019/20 as 'Adequate'.

## 20 **ANNUAL MONITORING OFFICER REPORT 2019/20**

The Committee considered the Annual Report of the Monitoring Officer for 2019/20.

The Annual Report provided background on the role of the Monitoring Officer's statutory duties and an overview of the following areas:

- Member Code of Conduct
- Register of Members' Interests
- Register of Gifts and Hospitality
- Member Training and Development
- Dispensations
- Information and Data Protection
- Complaints including Local Government and Social Care Ombudsmen Referrals
- Regulation of Investigatory Powers Act
- Whistleblowing
- Constitution/Decision Making Process.

Members sought clarification on a number of issues, including if all Elected Members had completed code of conduct training and if the training was to become an annual event as a refresher for Members. In response it was reported that a small number of Members had not undertaken the training

and at present was not framed as mandatory training. A new Model Code of Conduct was being consulted on at present and when introduced this would be an opportune time to look at the training arrangements.

It was asked how many staff were involved in dealing with Freedom of Information Requests and it was agreed that a written response would be provided to the committee.

**RESOLVED:**

That the Committee notes the Annual Monitoring Officer's Report 2019/20.

**21 ANNUAL INFORMATION GOVERNANCE UPDATE 2019/20**

The Committee considered a report which provided an update on the Council's Information Assurance and Data Management (IADM) programme.

It was reported that based on the Local Government Association's information maturity assessment tool, the Council had achieved a maturity rating of 'intermediate'. The aim of the IADM programme was to increase the maturity and move the overall assessment to a level of 'advanced'.

Work had been undertaken on the Geographic Information System to ensure that the information was up to date, accurate and compliant. Work had also been undertaken to update address data and had achieved a Gold standard award from the national framework of GeoPlace.

Work had been undertaken to raise the understanding of information types and retention of this data through the introduction of an email retention policy. Roadshow and workshops had been held over the year and had been well attended. Several mandatory e-learning modules on Protecting and Managing Information had been introduced and several '1-Minute' guides created for the Adult and Children services.

**RESOLVED:**

That the progress made on the Information Assurance Programme during 2019/20 and future vision to support on-going compliance be noted.

**22 DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20**

The Committee considered the Annual Governance Statement which explained how the Council makes its decisions, manages its resources and promotes high standards of conduct and behaviour.

The Annual Governance Statement covered 2019/20 and needed to be current at the time of publication and approval so matters relating to Covid-19 had been included, along with the Council's response, in the Statement and added as a new issue in section 8.

Section 7 of the draft Annual Governance Statement set out the progress against items previously recognised in the Annual Governance Statement and would be further updated before the issue of the final Statement. The Chief Executive reported that Cheshire Police and the Crime Prosecution Service had advised that in relation to their investigation into a number of issues relating to procurement and contract award that there was insufficient evidence for prosecution. A review would be carried out see if any operational arrangements needed to be improvement and a report would be brought back to the Committee in due course.

A workshop for Members regarding the Annual Governance Statement and the Statement of Accounts would be offered prior to the final Annual Governance Statement being considered by the Committee in November.

**RESOLVED:** That the Committee

- 1 note the draft Annual Governance Statement 2018/19; and
- 2 note that the final statement will be considered by the Committee in November 2020 prior to its approval and publication on the Council's website.

## **23 COVID-19 FINANCIAL IMPACT**

The Committee considered a report on the financial implications of Covid-19.

Appendix A to the report set out the changes to the Council's normal financial arrangements and provided a summary of the methodology used to date on projecting the full year's implications of the Covid-19 response on the Council's finances. It also provided a summary of the main financial implications to date and the financial support received from government.

During the discussion on the report, questions and comments were raised in relation to distribution of grant money to businesses, the changing costs forecast for home to school transport, provision of actual figures to the scrutiny committees for consideration, changes to processes by the government as circumstances changed, whether the budget agreed in February 2020 had been affect by the grant money received from government, increased spending on ICT provision, the possibility of double accounting of monies provided by government and that grants received were used for the purpose they were received for.

Corporate Overview and Scrutiny and Cabinet, at their September meetings, would receive the latest information and data of the effects of Covid-19 on the Council's finances.

**RESOLVED:**

That the report be noted.

**24 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2019/20**

The Committee considered the draft version of the Annual Report of the Audit and Governance Committee 2019/20.

The report provided details of the work undertaken by the Committee and the assurances received during the year.

**RESOLVED:**

That the Annual Report of the Audit and Governance Committee 2019/20 be approved for consideration by Council later this year.

**25 LOCALISM ACT 2011 - GENERAL DISPENSATIONS**

The Committee a report which recommended the renewal, for a period of four years, a number of general dispensations under the Localism Act 2011.

The Act prevented Members from participating in any business of the Council where they had a Disclosable Pecuniary Interest, unless they had sought a dispensation under Section 33 of the Act.

The Audit and Governance Committee, under their Terms of Reference, could '*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*'.

In September 2012 the Committee had granted approval for a four year period a number of dispensations, as set out in paragraph 4.4 of the report, to enable Members to speak and vote to enable them to partake in meetings, and a further dispensation had been granted under Urgency Powers in March 2020 in relation to those members who were directors of Council owned ASDVs.

The Committee was recommended to renew all of the general dispensations for a further four-year period, expiring on 28 September 2024.

**RESOLVED:**

That the Committee approve for the 4-year period to 28 September 2024 the general dispensations for all elected and co-opted Members of Cheshire East Council, as set out in the report.

**26 COMMUNITY GOVERNANCE REVIEW: MEMBERS' INTERESTS**

The Committee considered a report seeking approval for the granting of a general dispensation to allow Members to take part in and vote on Community Governance Review Matters.

A borough-wide Community Governance Review was being undertaken and Members could potential be involved in the Review at one or more levels as they would be making decisions as Full Council and could also be a member of the Constitution Committee and the Community Governance Review Sub Committee, which would be making recommendations on the proposals. Further to this Members would also be involved if they were a parish or town councillor and responding to consultations on the Review.

The general dispensation was being requested as without such the number of Members barred from participating would be so great as to impede the reasonable transaction of business.

It was requested that this general dispensation be for a four-year period to 28 July 2020 to bring it in line with the general dispensations granted in the previous item.

**RESOLVED:**

That the Committee grant a general dispensation allowing Members to take part and vote on Community Governance Review matters in which they have disclosable pecuniary and prejudicial interests for a four-year period up to 28 September 2024.

**27 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - FEBRUARY - MARCH 2020**

The Committee consider a report on the Decision Notices issued by the Local Government Ombudsman between 1 February 2020 and 31 March 2020.

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

**RESOLVED:**

That the contents of the report be noted.

**28 COMMITTEE WORK PLAN**

The Committee considered the Work Plan for 2020/21.

Paragraph 5.5 of the report highlighted the changes to the Work Plan since it was last considered by the Committee.

It was suggested that use of standard letters be added to the Work Programme as there needed to be reassurance that they were being correctly used and received sign off before being issued. As the Committee had previously agreed that the Work Programme should focus on strategic level issues, the Executive Director of Corporate Services agreed to look at this matter outside of the meeting.

**RESOLVED:**

That the Work Programme be approved and the Plan brought back to the Committee throughout the year for further development and approval.

**29 WAIVERS AND NON-ADHERENCES**

The Committee considered a report on the number and reasons for Waivers and Non-Adherences (WARNs), which had been approved between 1 April and 30 June 2020.

A total of 11 WARNs had been issued during this period. The number of WARNs being approved had increased in the first quarter due to Covid-19. The Council had utilised Regulation 32 of the Public Contract Regulations 2015 – negotiated procedure without prior publication, and directly awarded contracts due to extreme urgency to procure a number of products and services.

**RESOLVED:**

That the Committee note the number and reasons for 11 further WARNs approved between 1 April 2020 and 30 June 2020.

**30 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 involves 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.

**31 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 6.24 pm

Councillor R Fletcher (Chairman)



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## **Audit & Governance Committee**

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**Date of Meeting:** 24 September 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. The progress and update report from Mazars is provided as an Appendix to this report.

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

That Members of the Audit & Governance Committee:

- 2.1. Note the update provided by the Council's external auditors.

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

- 3.1. 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. None.

### **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 report provides members of the Committee with an update on progress of the external audit; it also includes details of national publications relevant to the Council.

## **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: Head of Financial Management

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

Appendix A – External Audit Progress Report September 2020

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# Audit Progress Report

Cheshire East Council

September 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.

## Audit progress

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

- Commenced our main audit work, continuing to work remotely, on the audit of the draft financial statements. This work is planned to continue through September, with completion activities in October, with a plan to sign the audit report and VFM conclusion in November.
- Maintained a regular dialogue with the Director of Finance & Customer Services. We have held monthly video calls up to the start of September and have scheduled weekly calls through the main audit work in September. These ensure that we remain up to speed with the Council's response to the challenges and its plans regarding financial reporting.

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>National Audit Office</b>			
1	<b>Whole of Government Accounts 2018-19</b>	Published version of WGA for the previous year	5
2	<b>Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19</b>	Practical guide for Audit Committees	5
<b>CIPFA</b>			
3	<b>Code of Practice on Local Authority Accounting in the United Kingdom 2020/21</b>	Code of Practice for the Financial Statements 2020/21	6
4	<b>Delivering Outcomes in the Public Sector</b>	Practical guide to assist public sector organisations	6
<b>MHCLG</b>			
5	<b>The Redmond Review</b>	Report from Sir Tony Redmond's review	7
<b>Other</b>			
6	<b>Nottingham City Council Public Interest Report</b>	Report issued by the auditors of the Council	8

## 2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

### 1. Whole of Government Accounts 2018-19, July 2020

The Whole of Government Accounts consolidates the accounts of over 9,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

<https://www.nao.org.uk/report/whole-of-government-accounts-2018-19/>

### 2. Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19, June 2020

Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.

This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on:

- annual reports;
- financial reporting;
- the control environment; and
- regularity of expenditure.

The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period when more specific and detailed reporting on the outbreak will be required.

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

## 2. NATIONAL PUBLICATIONS – CIPFA

### 3. Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, July 2020

This code is prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK. The 2020/21 Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2020.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202021>

### 4. Delivering Outcomes in the Public Sector, August 2020

Delivering Outcomes in the Public Sector is practical guidance for anyone with a role or interest in improving public services and ensuring that public money is directed towards meeting the needs of citizens. It uses an outcomes approach to address challenges in public spending.

Outcomes are a way of defining effectiveness, or benefits, but in order to assess value for money, practitioners need to consider costs as well as benefits. Political judgement is also required to determine spending priorities depending on the relative importance of different outcomes.

The rationale for an outcomes approach – a way of thinking and working that focuses on things that customers value – seems self-evident, but public sector organisations face significant challenges in:

- translating outcomes into measurable indicators of performance
- assessing the impact that a particular service or programme has on outcomes.

This guidance provides advice about how to navigate these challenges and avoid the various pitfalls that can trap the unwary. Key points are illustrated with examples that give a real insight into the detailed work required to plan and implement an outcomes approach.

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-outcomes-in-the-public-sector>

## 2. NATIONAL PUBLICATIONS – MHCLG

### 5. Redmond Review, September 2020

This independent review, led by Sir Tony Redmond at the invitation of the Ministry of Housing, Communities and Local Government, considered the effectiveness of external audit and transparency of financial reporting in local authorities.

The final report makes a number of recommendations in relation to:

- external audit regulation;
- smaller authorities audit regulation;
- financial resilience of local authorities; and
- transparency of financial reporting.

Alongside the report, MHCLG have published a number of annexes intended to further inform the reader.

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

## 2. NATIONAL PUBLICATIONS – OTHER

### 6. Nottingham City Council, Public Interest Report, August 2020

The external auditors of Nottingham City Council issued a Public Interest Report into the council's governance of Robin Hood Energy Ltd, an energy firm it set up in 2015 to tackle fuel poverty.

The Public Interest Report makes thirteen recommendations to improve governance and accountability of the company, and provides useful lessons for all Councils to learn on the governance of subsidiary companies.

<https://www.nottinghamcity.gov.uk/media/2835756/report-in-the-public-interest-rhe.pdf>

## CONTACT

Engagement lead: Mark Dalton

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## **Audit & Governance Committee**

---

**Date of Meeting:** 24 September 2020

**Report Title:** Internal Audit and Counter Fraud Plan 2020/21- Progress Update

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

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### **1. Report Summary**

- 1.1. The purpose of this report is for the Committee to receive and approve an updated Internal Audit Plan 2020/21 which takes into account the impact of Covid-19 upon delivery of the Plan that was agreed in March 2020.
- 1.2. The Council's Internal Audit Charter, which has been developed to ensure compliance with the Public Sector Internal Audit Standards (PSIAS), requires the preparation of a risk based internal audit plan which takes into account the need to produce an annual internal opinion. The opinion is a key source of assurance for the Annual Governance Statement.
- 1.3. The preparation and delivery of the Annual Internal Audit Plan, the annual opinion on the organisation's arrangements for governance, risk and internal control, and the assurances these provide to the Annual Governance Statement are key indicators and contributors for the Council's corporate objective of being a responsible, effective and efficient organisation.

### **2. Recommendations**

- 2.1. That the Committee:
  - 2.1.1. Approve the updated Internal Audit Plan 2020/21
  - 2.1.2. Note the areas of work which the internal audit team have undertaken during recent months, including significant proactive counter fraud actions in support of the delivery of various support grants.
  - 2.1.3. Note that the plan will continue to be developed and refined throughout the year as the response to Covid-19 progresses, to reflect the continuing impact of providing additional support on the resource available to deliver the audit plan.

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

- 3.1. The Council's Internal Audit Charter, developed in accordance with the Public Sector Internal Audit Standards (PSIAS), requires the production of an annual internal audit plan.
- 3.2. The authority to approve the annual internal audit plan is within the Audit and Governance Committee's Terms of Reference.

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

- 4.1. Not applicable.

### **5. Background**

- 5.1. The Summary Internal Audit Plan 2020/21 was approved at the March 2020 meeting of Audit and Governance Committee on the understanding that any significant changes would be brought back to the Committee for consideration and approval.
- 5.2. The spread of Covid-19 and the associated lockdown has had a significant impact upon Cheshire East Council and the way in which it delivers services to the public. This has not only impacted upon frontline services but also support services who have had to adjust to home working and the redeployment of staff to support other services.
- 5.3. As reported to Committee in the Annual Internal Audit Report (July 2020), Internal Audit resource has been diverted to support the wider organisation in responding to Covid-19 and to ensure that Internal Audit continues to provide value and support in the achievement of the Council's objectives. This included consultancy and non-assurance work in the following areas:
  - 5.3.1. provision of advice and guidance where new processes or ways of working are required to ensure that proportionate controls are in place to manage new or changing risks.
  - 5.3.2. provision of resource to support Risk Management and Business Continuity and ensure plans are updated and available.
  - 5.3.3. provision of support to the revenues team in designing and implementing a process for the payment of Small Business Grants on behalf of the Government.
  - 5.3.4. undertaking pre payment checks to ensure that the risk of fraudulent claims for the above grants is minimised and post payment checks to identify and reclaim monies paid outside of the eligibility criteria.

- 5.4. The new processes and new ways of working referenced above included support to the People Helping People scheme with particular attention to arrangements for helpers to purchase shopping on behalf of vulnerable individuals who could not do so themselves. It was important to ensure that the arrangements minimised delays in providing what was required whilst at the same time ensuring that expenditure was appropriately controlled and recorded. This minimised the risk of loss to vulnerable individuals and also protected volunteers from allegations of wrongdoing.
- 5.5. Support and guidance was also provided to Children's Services to provide an electronic solution to issuing weekly allowances to care leavers who were no longer able to attend Council premises to collect cash. A pre-loaded card solution was rolled out which met the requirements of the service and young people whilst ensuring that risks had been identified and mitigating controls put in place.
- 5.6. Central government delegated the administration of grants to businesses to local authorities and significant resource was diverted to undertaking pre-payment checks to minimise the risk of fraudulent or illegible claims being processed. There was significant pressure to pay grants quickly and a risk based approach was adopted and implemented to minimise the risk of fraudulent applications being paid.
- 5.7. Internal Audit supported the Revenues team in undertaking due diligence of applications to ensure that they were genuine and met the eligibility criteria. This involved the use of open source material such as Companies House along with contacting applicants for clarification and submission of additional evidence in support of claims.
- 5.8. Post payment checks are now being undertaken using Spotlight which is a data matching tool developed by Cabinet Office and a new match has been included within the 2020/21 National Fraud Initiative in relation to these business grants.
- 5.9. This additional work has diverted resources away from the delivery of 'normal audit work' and has had a significant impact upon the 2020/21 Audit Plan. However, the advice, support and guidance provided by these proactive pieces of work have been received positively by the various service areas. They will also positively inform the Annual Internal Audit opinion for 2020/21, and demonstrate the proactive and proportionate approach to managing the control environment during a time of significant pressure and change.
- 5.10. We are now at a point where consideration to returning to our usual approach to work is possible, and a detailed review of the original plan for 2020/21 has been undertaken.

- 5.11. The plan for the remainder of 2020/21 has been refocused to ensure that it covers the highest risk areas and therefore those where assurance is most required; we have particularly focused on areas where there has been a significant impact during Covid-19, for example, on demand/capacity or approach to delivery, and areas where we anticipate that there will be an impact post-Covid, again, in levels of demand or delivery mechanisms. Changes of this nature often pose challenges to the effectiveness and efficiency of internal control environments, at a local service level, and therefore upon the wider Council level.
- 5.12. Refocusing the plan on these grounds will enable sufficient evidenced assurance work to be undertaken and facilitate the Head of Audit and Risk to formulate an annual opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework
- 5.13. The Internal Audit Plan 2020/21 has been updated, based on current resources, to cover the core areas of work required in order to deliver an annual audit opinion.
- 5.14. We have updated the resource calculation in Table 1 to reflect the available resource to deliver an updated plan from 1<sup>st</sup> September 2020 to the end of the 2020/21 year.

**Table 1: Available Resource compared to Original 2020/21 Plan.**

<b>Audit Year</b>	<b>2020/21 Plan Revised (Sept 2020-March 2021)</b>	<b>2020/21 Plan Approved (Full year)</b>
<b>Maximum Days</b>	968	1,798
<b>Unavailable Working Days</b> <i>Annual Leave, Bank Holidays, Estimated Sick Leave, Estimated Special Leave</i>	209	330
<b>Available Working Days</b>	759	1,468
<b>Non Chargeable Sub Total</b> <i>Training, Planning, Team Management and Service Development</i>	92	185
<b>Chargeable Days</b>	667	1,283

- 5.15. A revised plan is included as Appendix A to this report and provides a summary of the planned areas of work to be undertaken during the remainder of 2020/21. The plan will be reviewed regularly, and will be adjusted for any significant areas of concern which may emerge.

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

### **6.1. Legal Implications**

- 6.1.1. All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
- 6.1.2. The guidance accompanying the Regulations recognises that with effect from 1st April 2013, the Public Sector Internal Audit Standards (PSIAS) represent “proper internal audit practices”. The PSIAS apply to all internal audit service providers within the UK public sector.

### **6.2. Finance Implications**

- 6.2.1. In accordance with the PSIAS, the Audit and Governance Committee should ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors. A small contingency allocation has been included at this stage.
- 6.2.2. The Internal Audit Plan 2020/21 has been prepared, based on current resources, to cover the core areas of work required to deliver an annual audit opinion. This will be compared to resource availability as part of establishing the plan and in monitoring progress against the plan.
- 6.2.3. If an imbalance between the two arises the Committee will be informed of proposed solutions. Matters that jeopardise the delivery of the audit plan or require significant changes to it will be identified, addressed and reported to the Committee.

### **6.3. Policy Implications**

- 6.3.1. There are no direct policy implications.

### **6.4. Equality Implications**

- 6.4.1. There are no direct implications for Equality and Diversity.

**6.5. Human Resources Implications**

6.5.1. To ensure that the Internal Audit team can continue to deliver the necessary levels of assurance to the organisation, the opportunity is being taken to reflect on the requirements of the organisation and ensure that sufficient resource is available to deliver this.

6.5.2. Internal Audit are currently operating at slightly reduced capacity due to turnover in the team; interim arrangements are being progressed to address the immediate shortfall pending a restructure.

**6.6. Risk Management Implications**

6.6.1. Delivery of an appropriately balanced and focused Internal Audit Plan supports the Council's ability to effectively and efficiently identify and manage its risks, with the implementation of recommended actions designed to deliver improvements in governance and the control environment.

**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. The Internal Audit plan supports the operation of the entire Council. All Wards are therefore affected.

**8. Consultation & Engagement**

8.1. In preparing the Summary Plan, there has been consultation to identify the expectations of senior management, external audit and other key stakeholders. This is covered in Appendix A.

**9. Access to Information**

9.1. The following are links to relevant standards and regulations

9.1.1. [Public Sector Internal Audit Standards \(PSAIS\)](#)

9.1.2. [The Accounts and Audit Regulations 2015](#)

## **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

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

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Table 1: Summary Internal Audit Plan - Remainder of 2020/21

Audit Theme/Area <i>Identified Key Areas</i>	Drivers <i>Corporate Risks and Corporate Outcomes</i>	Context	2020/21 Planned Audit Days	2020/21 Planned %
<b>Chargeable Days</b>			<b>667</b>	
<b>Less: Corporate Work</b>			<b>80</b>	
<i>Includes:</i>  Corporate Requirements: Corporate Management Duties, Performance Development Review Process.  Corporate Groups and Assurance: Annual Governance Statement, Assurance Framework development  Audit and Governance Committee: Reports taken on behalf of other areas of the Council, Committee Administration, Work Plan Development, Member Liaison and Development.		Activities which the Internal Audit function are required to participate in corporately or have direct responsibility for providing.		
<b>Available Audit Days</b>			<b>587</b>	
<b>Corporate Governance and Risk</b>			<b>70</b>	<b>12</b>
<i>Includes:</i>  Audit and Governance Committee: Internal Audit reports to Committee.  Corporate Groups – Information Governance Group	<ul style="list-style-type: none"> <li>CR5: Business Continuity</li> <li>CR8: Decision Making</li> <li>CR11: Pandemic virus</li> <li>CO6: A responsible effective and efficient organisation</li> </ul>	Statutory requirements  Work supporting the overall provision of assurance and the annual internal audit opinion.		

## Appendix A

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers</b> <i>Corporate Risks and Corporate Outcomes</i>	<b>Context</b>	<b>2020/21 Planned Audit Days</b>	<b>2020/21 Planned %</b>
External Audit - Mazars Liaison Regional Collaboration - Working with regional internal audit partners Reviewing corporate and operational risk management arrangements				
<b>Anti-Fraud and Corruption - Proactive Reviews</b>			<b>24</b>	<b>4</b>
<i>Includes:</i> National Fraud Initiative, Developing an anti-fraud culture, Review associated anti-fraud arrangements and policies	<ul style="list-style-type: none"> <li>CR3: Financial Resilience</li> <li>CO6: A responsible effective and efficient organisation</li> </ul>	NFI  Responding to fraud trends and awareness raising.		
<b>Anti-Fraud and Corruption - Reactive Investigations</b>			<b>29</b>	<b>5</b>
Specific contingency for reactive investigations in response to demand.	<ul style="list-style-type: none"> <li>CO6: A responsible effective and efficient organisation</li> </ul>	Undertaken/supported as necessary after appropriate risk assessment.		
<b>Key Financial Systems</b>			<b>135</b>	<b>23</b>
<i>Includes:</i> Schools Financial Value Standard Programme Core Financial Systems	<ul style="list-style-type: none"> <li>CR3: Financial Resilience</li> <li>CR8: Decision Making</li> <li>CO2: Cheshire East has a strong and resilient economy</li> </ul>	Provision of assurance to S151 Officer on identified high risk areas.		

## Appendix A

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers</b> <i>Corporate Risks and Corporate Outcomes</i>	<b>Context</b>	<b>2020/21 Planned Audit Days</b>	<b>2020/21 Planned %</b>
ERP Replacement (B4B) <i>(Joint with Cheshire West and Chester)</i>	<ul style="list-style-type: none"> <li>CO6: A responsible, effective and efficient organisation</li> </ul>	<p>Review of new arrangements and follow up of previous recommendations.</p> <p>Potential risk of misstatement in the Authority's financial statements; effectiveness of implementation of Business World.</p>		
<b>Corporate Core and Cross Service</b>			<b>88</b>	<b>15</b>
<i>Includes:</i> Debt Management and Recovery LEP (S151 Assurance) Compliance with IR35 requirements HR Policy Reviews	<ul style="list-style-type: none"> <li>CR3: Financial Resilience</li> <li>CR6: Capacity and Demand Risk</li> <li>CR8: Decision Making</li> <li>CR11: Pandemic virus</li> <li>CO2: Cheshire East has a strong and resilient economy</li> <li>CO5: People live well and for longer</li> <li>CO6: A responsible, effective and efficient organisation</li> </ul>	<p>Key Corporate and Cross service risks.</p> <p>Provision of assurance relating to specific service areas, including commissioning arrangements for key service delivery areas and assurance on management and delivery of key projects.</p> <p>Assurance around arrangements put in place in response to covid-19 including People Helping People and the roll out of pre-loaded cards.</p>		
<b>People</b>			<b>88</b>	<b>15</b>
<i>Includes:</i>	<ul style="list-style-type: none"> <li>CR1: Increased Demand for People Services</li> </ul>	Key Corporate and Cross service risks.		

## Appendix A

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers</b> <i>Corporate Risks and Corporate Outcomes</i>	<b>Context</b>	<b>2020/21 Planned Audit Days</b>	<b>2020/21 Planned %</b>
Placement Management (Children's) Fostering Management Adult Safeguarding Management of Commissioned Services	<ul style="list-style-type: none"> <li>• CR2: NHS Funding Pressure</li> <li>• CR3: Financial Resilience</li> <li>• CR11: Pandemic virus</li> <li>• CO3: People have the life skills and education they need in order to thrive</li> <li>• CO5: People live well and for longer</li> <li>• CO6: A responsible, effective and efficient organisation</li> </ul>	<p>Outcome from reviewing key departmental and service risk areas; arrangements for key service delivery areas, reviewing performance management and the achievement of outcomes.</p> <p>Provision of assurance relating to specific service areas, including arrangements for key service delivery areas and assurance on management and delivery of key projects.</p>		
<b>Place</b>			<b>47</b>	<b>8</b>

## Appendix A

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers</b> <i>Corporate Risks and Corporate Outcomes</i>	<b>Context</b>	<b>2020/21 Planned Audit Days</b>	<b>2020/21 Planned %</b>
Includes: Community Infrastructure Levy Highways	<ul style="list-style-type: none"> <li>• CR3: Financial Resilience</li> <li>• CR6: Capacity and Demand Risk</li> <li>• CR10: (Opp) Infrastructure Investment</li> <li>• CO1: Our local communities are strong and supportive</li> <li>• CO2: Cheshire East has a strong and resilient economy</li> <li>• CO4: Cheshire East is a green and sustainable place</li> <li>• CO6: A responsible, effective and efficient organisation</li> </ul>	<p>Outcome from reviewing key departmental and service risk areas.</p> <p>Assurance on arrangements for key service delivery areas and reviewing performance management in front line service area.</p>		
<b>Providing Assurance to External Organisations</b>			<b>12</b>	<b>2</b>
<i>Includes:</i> PATROL  <i>Other organisations may request assistance in year, subject to available resource</i>	<ul style="list-style-type: none"> <li>• Host Authority arrangement</li> </ul>	Provide assurance in agreed format, similar to former Small Bodies Annual Return		
<b>Advice and Guidance</b>			<b>18</b>	<b>3</b>

## Appendix A

<b>Audit Theme/Area</b> <i>Identified Key Areas</i>	<b>Drivers</b> <i>Corporate Risks and Corporate Outcomes</i>	<b>Context</b>	<b>2020/21 Planned Audit Days</b>	<b>2020/21 Planned %</b>
<i>Includes:</i> Provision of ad-hoc advice and guidance to services	<ul style="list-style-type: none"> <li>CO6: A responsible effective and efficient organisation</li> </ul>	Add value and improve overall governance, risk management and control processes within the organisation.		
<b>Other Chargeable Work</b>			<b>76</b>	<b>13</b>
<i>Includes:</i> Certification of grants arising in year  Follow up and additional reporting on the implementation of agreed audit actions	<ul style="list-style-type: none"> <li>CO6: A responsible effective and efficient organisation</li> </ul>	<p>Specific requests from services</p> <p>Follow up implementation of recommendations, including further testing or additional work where necessary.</p>		
<b>Total Audit Days</b>			<b>587</b>	<b>100</b>



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## **Audit & Governance Committee**

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**Date of Meeting:** 24 September 2020

**Report Title:** Treasury Management Annual Report 2019/20

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

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### **1. Report Summary**

- 1.1. The Treasury Management Policy requires regular reporting on the performance of the Council's treasury management operation.
- 1.2. This report contains the Annual Report for 2019/20 which was considered by Cabinet on 8<sup>th</sup> September 2020.

### **2. Recommendations**

- 2.1. To note the Treasury Management Annual Report for 2019/20 as detailed in Appendix A.

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

- 3.1. To meet the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

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

- 4.1. Not applicable.

### **5. Background**

- 5.1. The Treasury Management Strategy for 2019/20 was approved by Council on 21<sup>st</sup> February 2019. Progress reports have been provided to Cabinet throughout the year as part of the Quarterly Financial and Performance Update Reports.
- 5.2. This annual treasury report detailed in Appendix A covers the:
  - Council's capital expenditure and financing during the year;

- Impact of this activity on the Council's underlying Capital Financing Requirement (CFR);
- Treasury position at 31<sup>st</sup> March 2020 identifying how the Council has borrowed in relation to the CFR and the impact on investment balances;
- Economic factors;
- Detailed investment and debt activity;
- Reporting of the required prudential and treasury indicators.

## **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 resource 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.

6.6.2. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy as no treasury management activity is without risk. The aim is to operate in an environment where risk is clearly identified and managed.

6.6.3. To reduce the risk that the Council will suffer a loss as a result of its treasury management activities down to an acceptable level a number of risk management procedures have been put in place. The procedures cover liquidity risk, credit and counterparty risk, re-financing

risk, legal and regulatory risk, and fraud, error and corruption risk. These are referred to within the borrowing and investment strategies, prudential indicators and the Treasury Management Practices Principles and Schedules.

6.6.4. The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

**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. Not applicable.

**8. Consultation & Engagement**

8.1. Not applicable.

**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: Joanne Wilcox

Job Title: Head of Financial Management

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:** 24 September 2020

**Report Title:** Treasury Management Annual Report 2019/20

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

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### **1. Report Summary**

- 1.1. The Treasury Management Policy requires regular reporting on the performance of the Council's treasury management operation.
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### **2. Recommendations**

- 2.1. To note the Treasury Management Annual Report for 2019/20 as detailed in Appendix A.

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

- 3.1. To meet the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

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

- 4.1. Not applicable.

### **5. Background**

- 5.1. The Treasury Management Strategy for 2019/20 was approved by Council on 21<sup>st</sup> February 2019. Progress reports have been provided to Cabinet throughout the year as part of the Quarterly Financial and Performance Update Reports.
- 5.2. This annual treasury report detailed in Appendix A covers the:
  - Council's capital expenditure and financing during the year;

- Impact of this activity on the Council's underlying Capital Financing Requirement (CFR);
- Treasury position at 31<sup>st</sup> March 2020 identifying how the Council has borrowed in relation to the CFR and the impact on investment balances;
- Economic factors;
- Detailed investment and debt activity;
- Reporting of the required prudential and treasury indicators.

## **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 resource 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.

6.6.2. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy as no treasury management activity is without risk. The aim is to operate in an environment where risk is clearly identified and managed.

6.6.3. To reduce the risk that the Council will suffer a loss as a result of its treasury management activities down to an acceptable level a number of risk management procedures have been put in place. The procedures cover liquidity risk, credit and counterparty risk, re-financing

risk, legal and regulatory risk, and fraud, error and corruption risk. These are referred to within the borrowing and investment strategies, prudential indicators and the Treasury Management Practices Principles and Schedules.

6.6.4. The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

**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. Not applicable.

**8. Consultation & Engagement**

8.1. Not applicable.

**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: Joanne Wilcox

Job Title: Head of Financial Management

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:** 24 September 2020

**Report Title:** Committee Work Plan

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

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### **1. Report Summary**

- 1.1. This report presents the Committee Work Plan for 2020/21 (Appendix A) to the Committee for consideration and update.

### **2. Recommendations**

- 2.1. That the Committee:
  - 2.1.1. Consider the Work Plan and determine any required amendments;
  - 2.1.2. 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.

### **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 such as the Statement of Accounts and Annual Governance Statement. Outside these agenda items, 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.

- 5.2. 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.
- 5.3. 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.
- 5.4. In order to help with their deliberations, Members are asked to consider the following:
  - 5.4.1. 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.
  - 5.4.2. That the Audit and Governance Committee should operate at a strategic level with matters of operational detail resolved by service managers.
  - 5.4.3. 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.
- 5.5. Changes to the Work Plan since the July 2020 meeting of the Committee are as follows:
  - 5.5.1. The Counter Fraud item scheduled for September 2020 has been adjusted; an update on counter fraud activity for 2019/20 was included within the Annual Internal Audit Report presented to the July meeting. Work undertaken in this area during 2020/21 is covered within the Internal Audit Plan item which will be presented to this meeting of the Committee.
  - 5.5.2. The Referrals to the Local Government and Social Care Ombudsmen item has been removed as there is nothing material

to update from the information reported in July 2020 as part of the Annual Monitoring Officer Report.

- 5.5.3. Finally, there have been no upheld complaints to the LGO during the period and as such, this item is not required. It will, however, remain as a standing item on the work plan to ensure that all upheld complaints are reported to the Committee in a timely manner.

#### **Member Training and Development**

- 5.6. Officers will be meeting shortly before this meeting of the Committee to draft proposals for member training and development; once drafted, these will be circulated to Members for comment and feedback, and included in future Work Plan updates

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

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

- 6.1.1. The Work Plan for 2020/21 complies with the requirements of the Accounts and Audit Regulations 2015.

#### **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 Work Plan is prepared following discussion with key officers who regularly provide updates to the Audit and Governance Committee. The Work Plan is discussed with the Committee Chair and Vice Chair

### **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: Jane Burns

Job Title: Executive Director Corporate Services

Email: [jane.burns@cheshireeast.gov.uk](mailto:jane.burns@cheshireeast.gov.uk)

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## Work Plan 2020/21

			Extract from Committee Terms of Reference	
	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	Internal Audit and Counter Fraud Plan 2020/21 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.
3	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.
4	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.
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	
	Agenda Item	Description	No	Detail
<b>11<sup>th</sup> November 2020</b>				
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 authorities to make arrangements for the scrutiny of	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	
	Agenda Item	Description	No	Detail
		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	Committee Structure and Composition	To review the Committee structure and consideration; including the inclusion of co-opted independent members, as recommended by the LGA Corporate Peer Review.	87	The Committee is composed of 11 Members, comprising 10 members of the Council and one independent voting member (a member who is not a Councillor) with the Chairman and Vice-Chairman being appointed at full Council. The co-option of an independent member is intended to bring additional knowledge and expertise to the Committee and reinforce its political neutrality and independence. To ensure that the Committee remains focussed on its assurance role, all members of the Committee, and any designated substitute, must be appropriately trained.
8	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-ordination between the Compliance	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	
	Agenda Item	Description	No	Detail
		<p>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>
9	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
10 & 11	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	
	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 Conduct for Members between September 2020 and February 2021.	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

## Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
				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	Internal Audit Plan 2021/22	Approval of the summary risk based Internal Audit Plan for 2021/22	106	To approve the risk –based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance, and any work required to place reliance upon those other sources.
9	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.
10	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>	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</p>

## Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
		<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>		would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.
11	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
12 & 13	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	
Agenda Item	Description	No	Detail
<b>Unscheduled Items</b>			
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 is reliant upon the publication of the model Standards Code and the appointment of a new Monitoring Officer.</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).
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:** 24 September 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> July 2020 and the 31<sup>st</sup> August 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 September Audit and Governance Committee is 9 (consisting of 8 Waivers and 1 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.

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

That the Audit and Governance Committee:

- 2.1. Notes the number and reason for 9 further WARNs approved between 1<sup>st</sup> July 2020 and 31<sup>th</sup> August 2020 (20 in total to date in 2020/21).

### **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> July 2020 to the 31<sup>st</sup> August 2020 (9 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 increased during 2020 due to the coronavirus outbreak**

<b>WARNs</b>	<b>2016-2017</b>	<b>2017- 2018</b>	<b>2018-2019</b>	<b>2019 - 2020</b>	<b>Apr 2020-Aug 2020</b>
Non Adherence	33	10	5	1	2
Waiver	40	20	16	17	18
<b>Grand Total</b>	<b>73</b>	<b>30</b>	<b>21</b>	<b>18</b>	<b>20</b>

- 5.2 The number of WARNs have increased during 2020 due to the coronavirus outbreak. Currently 10 of the 20 WARNs completed were due to the outbreak and the Council needing to responding quickly to ensure goods and service.

For the same period in 2019 (April – August 2019) the Council reported 9 WARNs, so if we remove the COVID WARNs the numbers are comparable with the previous year.

## 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. The comments of Finance Officers focus on whether the Service: has identified sufficient existing budget to cover the proposal; and has also considered how to achieve best value for money via the 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. On 18 April and on 2 July 2020, the Government further allocations of £1.6bn and £0.5bn respectively, in additional funding for councils. In total, the Council's share of this funding is £22.4m.

6.2.4. For information, the Government has also announced a compensation scheme, whereby it will contribute towards a proportion of councils' losses

in respect of sales, fees and charges income; and has also stated that any shortfalls in council tax and business rates income can be spread and accounted for over the next three years. 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**

Category Ref	Ref Description
A	Genuine Emergency - which warrant an exception to the requirements of competition
B	Specialist Education or Social Care Requirements
C	Genuine Unique Provider - e.g. from one source or contractor, where no reasonably satisfactory alternative is available.
F	No valid tender bids received; therefore direct award can be substantiated
G	Lack of Planning
H	Any other valid general circumstances up to the EU threshold
I	No time to undertake a tendering exercise, therefore extension necessary to avoid non-provision of deliverables
J	Procurement from any other source would be uneconomic at this time
K	Added value being offered by the Provider(s)
L	Extension is best option as highlighted in request form
D	Compatibility with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure
V	Covid-19 Exemption
E	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.