

CHESHIRE EAST COUNCIL

Minutes of a virtual meeting of the **Audit and Governance Committee**
held on Thursday, 11th March, 2021

PRESENT

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

Councillors C Bulman, D Edwardes, A Harewood, M Houston, A Kolker,
M Sewart and M Simon

Independent Co-opted Member

Mr P Gardener

External Auditor

Mr M Dalton, Mazars

Councillors in attendance

Councillors J Clowes, A Harewood, A Moran, D Murphy, P Redstone,
J Rhodes, A Stott and L Wardlaw.

Officers in attendance

Jane Burns, Executive Director Corporate Services
David Brown, Director of Governance and Compliance
Alex Thompson, Director of Finance and Customer Services
Josie Griffiths, Head of Audit and Risk
Michael Todd, Interim Internal Audit Manager
Sophie Thorley, Risk and Business Continuity Business Manager
Juan Turner, Compliance and Customer Relations Officer
Lianne Halliday, Senior Manager - Procurement
Rachel Graves, Democratic Services Officer

71 APOLOGIES FOR ABSENCE

Apologies were received from Councillor B Evans.

72 DECLARATIONS OF INTEREST

No declaration of interests were made.

73 PUBLIC SPEAKING TIME/OPEN SESSION

Councillor Janet Clowes stated that the Corporate Overview and Scrutiny Committee on 8 April 2020 would be reviewing the Council's management and governance structure as it moved to the committee system of governance. Concerns had been raised on the potential cost versus cost neutrality of the committee system and asked that the Audit and Governance Committee take on the responsibility for considering this as it

was one of the principle factors governing the move to the committee system and that as the Constitution Committee will be subsumed into the Corporate Policy Committee it was more appropriate for the Audit and Governance to consider this matter.

Councillor Liz Wardlaw referred to the winter support grant of £880k and the lunch voucher scheme and asked if the Audit and Governance Committee would look at the how the process for distribution of these had worked, how the process had worked, where did the money and vouchers go to and did it go to the right people. In response it was stated that all grant funding would be subject to the appropriate audit to understand if the conditions of the grant had been met.

74 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 28 January 2021 be confirmed as a correct record subject to the following amendment:

Minute 61 – Declaration of Interest

“Independent Disciplinary Committee” be amended to read “Investigation and Disciplinary Committee”.

75 ANNUAL AUDIT LETTER 2019/20

Mark Dalton of Mazars presented the Annual Audit Letter for 2019/20.

The Annual Audit Letter summarised the work undertaken by Mazars on auditing the financial statements for the year ending 31 March 2020 and detailed the value for money conclusion. The Letter also set out the final fees for undertaking this work which showed an increase against the proposed fee due to additional work be undertaken relating to Property, Plant and Equipment valuation.

RESOLVED:

That the Annual Audit Letter be noted.

76 CERTIFICATION OF CLAIMS AND RETURNS 2019/20

The Committee considered the summary of key findings that had been identified during the External Auditors certification process for the 2019/20 Housing Benefit Subsidy Claim and the Teachers’ Pension End of Year Certificate.

The Committee noted that no errors or exceptions had been found by the auditors in the Housing Benefit Subsidy Claim and no recommendation for improvement had been made to the Department of Works and Pension.

The certification of the Teachers' Pension End of Year Certificate had been carried out in accordance with the Teachers' Pension Scheme Regulations 2014 and a small number of minor errors or exceptions had been reported to and corrected by management.

RESOLVED:

That the findings of the external audits regarding the certification process for the 2019/20 Housing Benefit Subsidy claim and the Teachers' End of Year Certificate be noted.

77 EXTERNAL AUDIT UPDATE REPORT

The Committee considered the update report from Mazars on the External Audit Plan.

The report confirmed that Mazars had completed their audit of the Council's 2019/20 financial statements and value for money conclusion and the audit of the Council's Whole of Governance Accounts submission and reported to the National Audit Office their conclusions on this work.

Planning had now started for the 2020/21 audit and their Audit Strategy Memorandum would be presented at a future meeting of the Committee.

The National Audit Office had updated their Code of Practice, which would apply from 2020/21, and changed the work that auditors would be required to do, and related reporting, on the Council's arrangements to deliver value for money.

RESOLVED:

That the update provided by the Council's external auditors be noted.

78 ANNUAL GOVERNANCE STATEMENT 2019/20 - PROGRESS UPDATE

The Committee considered an update on the issues reported in the 2019/20 Annual Governance Statement and on the process to produce the 2020/21 Annual Governance Statement.

The appendix to the Report detailed the progress on the items included in the 2019/20 Annual Governance Statement. Table 1 in the report set out a summary of the recommendations to the Committee on which items should be considered as managed and could be monitored via local monitoring arrangements and which required further monitoring via the Annual Governance Statement.

The 2020/21 Annual Governance Statement would be prepared in line with the requirements of the CIPFA/SOLACE guidance and Council's Code of Corporate Governance.

Concerns were raised by the Committee that the calendar of council committee meetings for 2021/22 had not yet been published and therefore not available to the public. In response it was stated that it would be going to the Constitution Committee on 6 April and to the special Council meeting on 19 April for approval.

RESOLVED: That the Committee

- 1 notes and endorses the updates provided on the issues reported in 2019/20 Annual Governance Statement, including the recommendations to the Committee on whether items remain in the Statement.
- 2 endorses the process for the production of the 2020/12 Annual Governance Statement.

79 **AUDIT AND GOVERNANCE COMMITTEE COMPOSITION AND STRUCTURE**

The Committee considered the Working Group's recommendations for the Audit and Governance Committee's future composition and structure.

It was reported that there was an error in paragraph 3.5 of the report and that on the final line the proportionality should read "4:3:2:0:0".

The Working Group had recommended that the future size of the Committee should be 9 elected members and 2 co-opted independent members. In order to maintain the apolitical nature of the Audit and Governance Committee, membership should ensure separation from decision making and it was proposed that the membership should not include the Leader and Deputy of the Council, Chairs or Vice Chairs of the Services Committee and that the Chair and Vice Chair of the Audit and Governance Committee should not sit on a services committee.

The proposed Terms of Reference were set out in Appendix A to the report.

RESOLVED:

That the Constitution Committee be recommended to approve the proposed Terms of Reference for the Audit and Governance Committee and the recommendations of the Working Group relating to the Committee composition for inclusion in the Constitution.

80 **COVID-19 - UPDATE ON RESPONSE AND RECOVERY**

The Committee considered the March 2021 Cabinet report on the Covid-19 Update on Response and Recovery.

The Executive Director Corporate Services and the Director of Finance and Customer Service provided an update at the meeting and reported that there had been a positive start for pupils returning to schools, with an attendance rate of 98% in primary schools and 80% attendance overall. The infections levels in Cheshire East had continued to fall since the report was written and now stood at around 70 per 100,000. The Council continued to do well with the processing of the discretionary and mandatory business grants, with the Council being in the top 5% of authorities for mandatory grants and the top 13% for discretionary grants in terms of both the number of payments made and their value. The Government had announced their budget and the changes in business rates were being implemented. Additional funding had been received included new burden funding which would allow the administration of the changes with financial impact on the Council.

RESOLVED:

That the Covid-19 Update be noted.

81 MEMBER CODE OF CONDUCT: STANDARDS REPORT

The Committee considered the reports which detailed the number and status of Member Code of Conduct complaints received in relation to Cheshire East Councillors and Town and Parish Councillors during the period 1 September 2020 to 28 February 2021.

The report broke down complaints received with regard to the number of complaints made against Cheshire East Councillors and Town and Parish Councillors; the paragraph of the code alleged to have been breached and the outcome of each complaint, where completed.

RESOLVED:

That the reports be noted.

82 STRATEGIC RISK REGISTER - Q3 UPDATE

The Committee considered the outcomes of the review of the Strategic Risk Register 2020/21 at the end of Quarter 3.

The report detailed the highest rated strategic risks on the Register, the new risks added, the risks on the 'watch list' and any significant changes to the score since the last quarterly review and provided an overview of the Council's operational response to Covid and associated winter risks.

Following the review two changes had been made to the Register with SR08 – Decision Making, with the risk score being increased from 6 to 9, and SR07 – EU Exit, the risk score being reduced from 8 to 6.

Reference was made to SR13 – Reputational Risk, with a score of 9, which was felt to be low and asked what considerations and discussion had taken place relating to this risk. The Committee was informed that the risk had been discussed with the Corporate Leadership Team, the risk owner and risk updater and it had been concluded that this risk had been handled well throughout the covid-19 pandemic. Regular monitoring of positive, neutral, and negative coverage from media and social media was regularly carried out and that the correct risk score was allocated.

RESOLVED:

That the Quarter Three Review of the Strategic Risk Register 2020/21 be noted.

83 INTERNAL AUDIT PLAN 2021/22

The Committee received the Internal Audit Plan 2021/22 for approval.

The Internal Audit Plan 2021/22 was set out in Table 3 of the appendix to the report. As a result of the significant changes to the present Internal Audit Plan, due to the response to the covid-19 pandemic, a different approach had been taken for 2021/22. Whilst the annual resource available had been calculated, and there was sufficient to deliver the Plan and issue an opinion, it had been decided to set out priorities for the first six months and with indicative priorities for quarters 3 and 4 to allow for changes. Regular updates would be provided to the Committee.

RESOLVED: That

- 1 the Internal Audit Plan 2021/22 be approved; and
- 2 notes that the plan details priority work during quarters 1 and 2 along with additional areas for consideration during quarters 3 and 4 and the priorities for the last 6 months will be reported back as part of the regular updates to the Committee.

84 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN NOVEMBER 2020 - JANUARY 2021

The Committee considered a report on the Decision Notices issued by the Local Government Ombudsman between 1 November 2020 and 31 January 2021.

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

RESOLVED:

That the content of the report be noted.

85 COMMITTEE WORK PLAN

The Committee considered the Work Plan for 2021/22.

The inclusion of items on the Work Plan was designed to ensure that the Committee fulfilled its terms of reference and met statutory deadlines. The Plan was set out using the current terms of reference and would be updated once the revised terms of reference had been approved by Council. The dates of the meetings would also be added once the calendar of meetings was approved.

With regards to Councillor Clowes's request for the committee to consider potential cost versus cost neutrality of the committee system, it was agreed that further consideration would be given to the matter outside of the meeting and be considered as part of the transitional arrangements to see if it would fit in with the revised terms of reference for the Committee or if there would be a another appropriate body.

RESOLVED:

The Work Plan for 2021/22 be approved and the Plan be brought back to the Committee throughout the year for further development and approval.

86 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 October 2020 and 31 January 2021.

An error was reported in Table 1 of the Report as the heading 'April 2020 to Sept 2020' should read 'April 2020 to January 2021'.

A total of 2 WARNs and 1 Non-adherences had been issued during this period and a total of 25 WARNs had been issued to date in 2020/21. Currently 11 of the 25 WARNs completed were due to the Covid outbreak and the Council needed to respond quickly to ensure the supply of goods and services.

It was reported that a cloud-based Contract Lifecycle Management System to support all aspects of commissioning, procurement and contract management had been procured. The system would support the management of 600 plus contracts the Council had with external providers.

RESOLVED: That

- 1 the Committee note the number and reasons for the 3 further WARNs approved between; and
- 2 the Committee endorse the ongoing implementation of the Contract Lifecycle Management System to support all aspects of commissioning, procurement, and contract management.

87 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 1, 2 and 3 of Schedule 12A of the Local Government Act 1972 and the public interest would not be served in publishing the information.

88 WAIVERS AND NON-ADHERENCES

The Committee considered the WARNs.

RESOLVED:

That the WARNs be noted.

The meeting commenced at 2.14 pm and concluded at 5.53 pm

Councillor R Fletcher (Chairman)