

# **CHESHIRE EAST COUNCIL**

Minutes of a virtual meeting of the **Audit and Governance Committee**  
held on Thursday, 28th January, 2021

## **PRESENT**

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

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

## **External Auditors**

Mr M Dalton, Mazars  
Mr J Roberts, Grant Thornton

## **Councillors in attendance**

Councillors J Clowes, P Redstone, J Rhodes and A Stott

## **Officers in attendance**

Lorraine O'Donnell, Chief Executive  
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, Acting Internal Audit Manager  
Helen Gerrard, Head of Customer Services  
Juan Turner, Compliance and Customer Relations Officer  
Rachel Graves, Democratic Services Officer

The Chair reported that Councillor Alift Harewood had replaced Councillor Steve Hogben on the committee. The Committee recorded their thanks to Councillor Hogben for his contributions to the work of the Audit and Governance Committee.

## **60 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr Philip Gardener.

## **61 DECLARATIONS OF INTEREST**

In relation to Item 11 – Audit Review of Procurement Controls:

- i. Councillor Margaret Simon declared that, as she had been the Chairman of the Independent Disciplinary Committee, she did not think that it was appropriate for her to take part in any discussion on this Item.

- ii. In response to a question from Councillor Rachel Bailey, in advance of becoming Leader of Council she had been the Portfolio Holder for Children and Families until early 2016, the Director of Governance and Compliance and Monitoring Officer informed the Committee that many members would have knowledge and experience of the events. The Committee was obliged to give consideration of the report before them and the evidence contained within and therefore previous involvement was not relevant to today's decision and there was not requirement to make any declaration.

## **62 PUBLIC SPEAKING TIME/OPEN SESSION**

Sue Helliwell referred to a question she had asked at a previous meeting asking if the annual monitoring report would be more transparent to have them 6 monthly and if the report could include how many questions from the public had been declined at full Council and Cabinet and had also asked if political statements were allowed at meetings by members and how was a right of reply ensured and asked if her questions could be answered now that David Brown, had taken up his position as Director of Governance and Compliance (and Monitoring Officer).

In response the Director of Governance and Compliance stated that the content of the Monitoring Officer's Annual Report had been agreed by the Committee in March 2019 and therefore any amendments to what was included in the report would be a matter for the Committee to decide in consultation with the Monitoring Officer. Most of the information was already in the public domain and accessible by the public. In the case of questions being declined the constitution provides very limited circumstance for declining questions. The answering of questions is public in any event. The compilation of data and inclusion of additional information provides for an additional burden for officers and the Committee would need to be assured that officer time collating information primarily in the public domain was a reasonable and proportionate use of officer time. It should also be noted the Council was in transition to the committee system which will result in further changes and the introduction of a revised Constitution. The Constitution sets out the Procedure Rules and the rules for debate at committee meetings and it was a matter for the chairperson of the individual committee to ensure all Councillors who wished to take part in any debate could do so in accordance with these Rules.

## **63 MINUTES OF PREVIOUS MEETING**

### **RESOLVED:**

That the minutes of the meeting held on 11 November 2020 be confirmed as a correct record.

## 64 **AUDIT AND GOVERNANCE COMMITTEE STRUCTURE AND COMPOSITION**

The Director of Governance and Compliance reported on the meeting of the Working Group which had taken place on 18 January 2021.

The Working Group had received information on the areas of work identified in the report which was considered by Council in November 2020. After consideration it was agreed that a further meeting was required to consider the size of the committee, its membership and terms of reference.

### **RESOLVED:**

That the verbal update be noted.

## 65 **INTERNAL AUDIT UPDATE - JANUARY 2021**

The Committee considered a report on the work undertaken by Internal Audit between April and December 2020 and the planned work for the remainder of the financial year which would contribute to the Annual Internal Audit Opinion for 2020/21.

The Committee had approved a revised Internal Audit Plan in September 2020 which took into account the reduced resources available due to staffing changes and the significant impact of the covid-19 pandemic.

As a result of the changes in working arrangements it would not be possible to undergo the normal processes for forming the annual internal audit opinion. CIFPA had issued guidance on how to form an opinion under the current circumstances and the report set out, at paragraph 5.7, the sources of assurances which would be used to inform the internal audit opinion for 2020/21.

The draft Internal Audit Plan for 2021/22 would be brought to the next meeting of the Committee.

The Committee sought assurance on the impact of internal audits being delayed. In response it was stated that this was being considered along with the impact of previously reported internal audit recommendations not being implemented due to the covid-19 pandemic. It was requested that a report be brought on the impact of the delays to internal audit reviews and implementation of recommendations.

### **RESOLVED:** That

- 1 the changes in which the annual audit opinion will be developed for 2020/21, along with ongoing challenges brought by the Covid-19

pandemic and continued lockdown/tier restrictions and associated impact upon internal audit be noted;

- 2 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 grant be noted; and
- 3 a report be brought on the impact of the delays to internal audit reviews and implementation of audit recommendations.

**66 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - SEPTEMBER - OCTOBER 2020**

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

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

**RESOLVED:**

That the content of the report be noted.

**67 BUSINESS GRANTS END OF PHASE 1 GRANTS - UPDATE**

Consideration was given to a report which detailed the administration of Business Grants between February to October 2020.

The report set out details of the grants issued for three schemes announced in February 2020 which provided support to small business and businesses within the retail, leisure and hospitality sectors. Further scheme were announced which provided wider financial support to businesses affected by the response to Covid-19.

The Internal Audit team had provided support to the verification process, offering advice, guidance and resources. Of the 7,794 grants issued, only 39 were identified as potential fraud or error.

Clarification was sought on what happened to the un-allocated grant money and the Committee was informed that this would be returned to the Government as part of the reconciliation process.

Reference was made to the last announcement of Government grants and the understanding the Council had now received their allocation and it was asked when these grants would start to be issued to businesses, could this

be communicated to businesses and could elected members be kept informed.

**RESOLVED:**

That the content of the report be noted, including the lessons learnt and the actions taken to administer new Business Grants between March and October 2020.

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

The Committee considered the December 2020 Cabinet report on the Covid-19 Update on Response and Recovery.

**RESOLVED:**

That the report be noted.

**69 COMMITTEE WORK PLAN**

The Committee considered the Work Plan for 2020/21.

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

At the meeting the Committee had asked for reports on assurance on delays in internal audit work and reconciliation work on grants and these would be added to the Work Plan.

The Work Plan for 2021/22 would be brought to the next meeting.

**RESOLVED:**

That the Work Plan be approved with the additional two items and the Plan be brought back to the Committee throughout the year for further development and approval.

**70 AUDIT REVIEW OF PROCUREMENT CONTROLS**

*Having previously declared an interest, Councillor M Simon took not part in the consideration of this item.*

The Committee considered the findings of a recent Internal Audit review of procurement controls following the completion of a long-standing police investigation into the award of contracts at the Council.

Following the announcement that there was insufficient evidence to proceed to prosecution following the police investigation, the Chief Executive had requested a health check be undertaken by Internal Audit to seek assurance on current procurement arrangements by reviewing the

contract award process to identify weaknesses in the processes and procedures operated in 2015 and to provide assurance on the processes now in operation would prevent or identify non-compliance.

The Internal Audit report, at Appendix A to the report, set out their key findings in their investigation and gave a 'Satisfactory' opinion on the effectiveness of the arrangements now in place to manage the procurement and risks associated with it. Several recommendations were set out in an Action Plan to further improve the control environment.

The Internal Auditor's report would be used by the external auditors Grant Thornton as part of their considerations with the outstanding audit certificate for 2015/16. Following completion of this work and receipt of the findings, consideration would be given by the Council as to whether any further work was required.

It was asked if all the evidence considered by the Police had been returned to the Council and was confirmed that it had and was sealed but would be available to the Internal Auditors.

Assurance was sought on whether there had been a breach of the EU limits for contracts and it was confirmed that this had been checked and the EU limits had not been breached.

It was suggested that, as part of the Committee's ongoing assurance work, they exam the procurement procedure for a couple of contact awards to make sure they were impartial and provide confidence to the Committee that the procedures now in place were working. In response it was reported that Internal Audit had undertaken a review of contract awards to ensure the correct procedures were being followed and this had included some detailed testing of individual contract awards. The final audit report was going through the review stage at present so the final opinion could not yet be reported but no concerns had been raised and the audit would be reported in the Internal Audit Annual Report.

The Committee thanked the Chief Executive and the Acting Internal Audit Manager for the work undertaken and for bring the report to the Committee.

**RESOLVED:**

That the content of the report and the management actions agreed as a result of the work undertaken be noted.

The meeting commenced at 2.00 pm and concluded at 4.48 pm

Councillor R Fletcher (Chairman)

