

## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Thursday, 25th November, 2021 in the Committee Suite 1,2 & 3,  
Westfields, Middlewich Road, Sandbach CW11 1HZ

### **PRESENT**

Councillor M Simon (Chair)

Councillors R Bailey, C Bulman, B Evans, A Harewood, M Houston,  
P Redstone, and M Sewart.

### **External Auditor**

Mark Dalton, Mazars (via remote link)

### **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 Management  
Mike Todd, Acting Internal Audit Manager  
Rachel Graves, Democratic Services Officer

### **33 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor David Marren.

### **34 DECLARATIONS OF INTEREST**

No declarations of interest were made.

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

There were no members of the public present.

Concerns were raised about public access to Council's buildings, as at present reception staff were not always on duty to allow entry into a building. It was agreed that the current situation would be clarified with the Facilities Team.

### **36 MINUTES OF PREVIOUS MEETING**

#### **RESOLVED:**

That the minutes of the meeting held on 30 September 2021 be approved as a correct record, subject to the inclusion in Minute 20 Covid-19 Update that the Committee recorded their thanks to the staff in Registration Services for their work during the pandemic.

### **37 ANNUAL AUDIT LETTER 2020/21 AND CERTIFICATION REPORT**

Mark Dalton provided an update on the progress with the audit of the draft Statement of Accounts.

It was reported that work was progressing well with the audit, which had been delayed due to the transition to the new financial system Unit 4 ERP in February 2021.

In order to comply with Account and Audit Regulations 2015, the Council had published a notice to state that it was unable to make the deadline of 30 September 2021 for completion of the audit.

### **38 ANNUAL STATEMENT OF ACCOUNTS 2021/22**

The Director of Finance and Customer Services reported that as the audit had not been completed it was not possible to present the Annual Statement of Accounts to the Committee at this meeting and the intention was to bring it to the next meeting in January 2022.

### **39 ANNUAL GOVERNANCE STATEMENT 2020/21**

The Director of Finance and Customer Services reported that as the Annual Governance Statement was linked to the completion of the audit, it was not possible to present the Statement to the Committee at this meeting and that it would be brought to the next meeting in January 2022.

### **40 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2020/21**

The Committee considered the draft version of the Annual Report of the Audit and Governance Committee 2020/21

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 2020/21 be approved for consideration by full Council at its meeting on 15 December 2021.

### **41 RISK MANAGEMENT UPDATE**

The Committee considered the outcomes of the review of the Strategic Risk Register for the period Q1 to Q2 2021/22

The report detailed the changes made to the Risks following the Q1 review, which had led to a number of the risks being refocused and refreshed, and the outcome of the Q2 review. The report also provided an

overview of the Council's operational response to Covid and associated winter risks.

Reference was made to SR13 – Reputational Risk, and the Council's relationships with Town and Parish Councils as they were under increasing financial pressure as were being asked to pay for road repairs under the Highways Top Up Scheme and the funding for the second year of the New Homes Bonus was now included in the MTFs rather than being issued to local communities. In response it was stated that the decision to include the New Homes Bonus funding in the MTFs overall balance position was taken by full Council and it was suggested that any proposals for this funding should be submitted via the Budget Consultation process which ran until 4 January 2022.

**RESOLVED:**

That the Strategic Risk Update for Quarters 1 and 2 2021/22 be received.

**42 INTERNAL AUDIT 2021/22 PLAN PROGRESS UPDATE**

The Committee considered an update report on the work undertaken by Internal Audit between April and September 2021.

The report summarised the assurance work undertaken on the Internal Audit Plan for 2021/22 and provided a summary of the final reports issued, comparison of the Audit Plan and actual work undertaken, value of grant certification work, and set out the ongoing Internal Audit assignments.

In relation to the audit work on Section 106/CIL it was asked if the parish councils would be included in this work in relation to CIL, as if they had a Neighbourhood Plan would receive a % of money to spend in their area. In response it was confirmed that the audit would be looking at the Cheshire East Councils processes only.

In relation to staff vacancies in Internal Audit it was reported that two full time staff had been recruited on a temporary basis and one member of staff had returned from maternity leave.

Reference was made to the audit work undertaken on schools and the council services offered to schools and it was proposed that briefing session be arranged on these matters.

**RESOLVED:**

That the Committee notes the contents of the report.

#### 43 **PROCUREMENT OF EXTERNAL AUDIT SERVICES**

The Committee considered the proposals for appointing the Council's external auditors for the five-year period from 2023/24.

In 2017 the Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to and including the audit of the 2022/23 accounts.

Section 7 of the Local Audit and Accountability Act 2014 stated that a 'relevant authority must appoint a local auditor to audit its accounts for a financial year no later than 31 December in the preceding financial year'.

The PSAA was now inviting the Council to opt in for the next appointing period, covering audits for 2023/24 to 2027/28, along with all other authorities, so that the PSAA could enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditors.

#### **RESOLVED:**

That Council be recommended to accept the invitation from Public Sector Audit Appointments to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2023.

#### 44 **COMMITTEE WORK PROGRAMME**

The Committee considered the Work Programme for 2021/22.

Since the last review by the Committee, items had been added to the Work Programme for the meeting on 17 January 2022. In addition, this meeting would now receive the Annual Audit Letter and Certification Report, Annual Statement of Accounts and Annual Governance Statement. It was reported that the Code of Conduct report would not be going to the January 2022 meeting as further work was required to be undertaken by the Working Group.

It was requested by the Committee that work should commence at pace on the two unallocated items – Highways Funding and Partnership Governance and the scoping reports on the work be brought to the Committee in due course.

#### **RESOLVED:** That

- 1 the Work Programme be noted and be brought back to the Committee throughout the year for further development and approval.

- 2 work commence at pace on scoping reports for the items on Highways Funding, and Partnership Governance.

#### 45 **CONTRACT PROCEDURE RULE NON-ADHERENCES**

The Committee considered the report deferred from the last meeting.

It was proposed to avoid duplication o that the Finance Sub Committee would receive the Waivers as part of their responsibility for the procurement pipeline, and Audit and Governance Committee continue to receive the Non-Adherences for review.

Clarification was provided on the difference between waivers and non-adherences. Waivers were part of the procurement process and were pre-approved variations from the Contract Procedural Rules. Non-adherences arose from instances where the Contract Procedural Rules have not been followed.

The Committee were concerned that the proposed change would remove their ability to see any trends and not be able to carry out the assurance role of the Committee.

It was proposed that the Committee continue to receive both the Waivers and Non-Adherences.

**RESOLVED:** That the Committee

- 1 notes the reasons for the 10 waivers approved between 1 April 2021 and 31 August 2021.
- 2 notes that the Finance Sub Committee will review Waivers as part of their responsibility for the pipeline of procurement activity.
- 3 confirms that the Audit and Governance Committee will continue to receive both the Waivers and Non-Adherences
- 4 confirms that the Audit and Governance Committee will continue to receive an oversight report of all WARNs.

#### 46 **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 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 served in publishing the information.

**47 CONTRACT PROCEDURE RULE NON-ADHERENCES**

The Committee considered the WARNs.

**RESOLVED:**

That the WARNs be noted.

The meeting commenced at 2.00 pm and concluded at 4.39 pm

Councillor M Simon (Chair)