

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 24th November, 2022 in the Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M Simon (Chair)
Councillor J Nicholas (Vice-Chair)

Councillors R Bailey, C Bulman, M Goldsmith, A Harewood, P Redstone and
M Sewart

Ron Jones, Independent Co-opted Member

Mark Dalton, Mazars (via Teams link)

OFFICERS IN ATTENDANCE

David Brown, Director of Governance and Compliance and Monitoring Officer
Alex Thompson, Director of Finance and Customer Services and S151 Officer
Michael Todd, Acting Internal Audit Manager
Lianne Halliday, Senior Procurement Manager
Rachel Graves, Democratic Services Officer

47 APOLOGIES FOR ABSENCE

Apologies were received from Councillor M Houston.

48 DECLARATIONS OF INTEREST

There were no declarations of interest.

49 PUBLIC SPEAKING TIME/OPEN SESSION

There were no public speakers.

50 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 29 September 2022 be approved
as a correct record, subject to the inclusive of Mr Ron Jones, Independent
Co-opted Member, as being present at the meeting.

51 AUDIT & GOVERNANCE ACTION LOG

The Committee reviewed the progress of the actions on the Action Log.

1 Letter from Chief Executive in response to the open letter sent by Councillors R Bailey, P Redstone, and M Simon

Councillor M Simon reported that they were happy to share this letter with the committee members and that it would be distributed at the end of the meeting. As Chair of the Audit and Governance Committee, she now considered this matter closed.

2 Different trajectories for comparative data for complaints and compliments

It was reported that an analysis had been undertaken which indicated that complaints had reduced in 2020/21 compared with 2019/20, and that they had now returned to a similar level. This was explained by a reduction in complaints received during the main stages of the Covid-19 Pandemic. The Local Government Ombudsman also suspended their work for part of that year and so there were fewer LGO complaints.

The number of compliments had also decreased and from analysis it appeared that the compliments for Care4 had not been included in the figures for 2020/21 and 2021/22. In 2019/20 over half of all compliments were for Adults Services. The Complaints Manager was attempting to make sure that there was sufficient access to the Care4 compliments information to ensure that the figures could be added into the total compliments recorded.

3 Covert Human Intelligence Source

It was reported that a remote desk top inspection was due on 30 November 2022 and that a report would be brought to the Committee on the outcomes of the inspection.

4 Complaints in Corporate Services area and Comparison of Cheshire East against neighbouring authorities

It was reported that further analysis work was being carried out in relation to the complaint in the Corporate Services area and a response would be reported back in due course.

In relation to comparative data on complaints to the Local Government and Social Care Ombudsman, it was reported details were available on their website: <https://www.lgo.org.uk/your-councils-performance/cheshire-east-council/statistics>

From looking at the upheld rates for neighbouring councils, Cheshire East had the lowest upheld rate at 62%, with Stockport at 64%, Cheshire West and Chester at 74%, Derbyshire at 80% and Stoke on Trent at 86%.

5 Number of Committee meetings cancelled

An analysis had been undertaken by Democratic Services on the number of meetings cancelled in 2021/22. A total of 31 were cancelled – the majority of these related to meetings of General Appeals Sub Committee and General Licensing Sub Committee and these were cancelled through lack of business. A meeting of the Audit and Governance Committee had been cancelled due to a high rate of Covid infections amongst councillors and officers at the time. A couple of planning committees had been cancelled due to lack of business.

It was requested information be provided on the number of meetings cancelled in 2022/23 as there had been complaints about the cancellation of planning meetings.

52 WARD MEMBER BUDGETS

The Committee considered the review of the report previously considered by the Highways and Transport Committee on Ward Members Budgets.

The Committee had requested that the report be reviewed, and any audit or governance issues be identified for the scheme.

The report detailed the background to the scheme, the difficulty of setting up an initial scheme which was introduced as an amendment without notice at the Council meeting in February 23021, the Member engagement undertaken, the reasons for use of the description of 'pilot' for the scheme, and identified issues that had been noted during the initial delivery of the scheme

The report concluded that the thematic issue was not governance but one of meeting Members' expectations. As there had been no existing mechanism for the Ward Member Budget scheme when proposed, it had required policy development, interpretation of the decision and recognition of the practical delivery issues to be implemented and this had led to different interpretations and understandings.

RESOLVED:

That the report be noted.

53 INTERNAL AUDIT PLAN 2022/23: PROGRESS UPDATE

The Committee considered the update report on the work undertaken by Internal Audit between April and September 2022 and on the planned work for the remainder of the financially year.

The Internal Audit report summarised the audit work carried out in Q1 and Q2 of 2022/23 and compared the audit work undertaken with the audit work that was planned, set out in Table 2, and also provided details of the audit work planned to be undertaken by the end of the financial year. The report also provided a summary of the Final Assurance Reports 2022/23 issued to the end of September 2022.

A review of the Internal Audit Charter had been undertaken to ensure compliance with the Public Sector Internal Audit Standards in relation to maintaining operational independence following the transfer of responsibility for information rights to the Head of Audit and Risk.

Clarity was sought by the Committee in relation to the following:

- staffing in the Internal Audit Team – it was confirmed that there were still vacancies in the Team. An agency member of staff was working with the team at present and there were sufficient resources to fulfil the internal audit plan
- Internal Audit Report on Gifts and Hospitality – it was reported that there were a number of areas which did not come under the Code of Conduct but related to how the council administered the processes which needed to be sorted. The responsibility for officer gift and hospitality forms had moved from HR to the Monitoring Officer and any delay related to the process of moving this function from one department to another.
- Section 106 audit progress – it was reported that the terms of reference had been agreed and field work started. As it was a complex piece of work there was no specific deadline for completion of the work.
- ANSA review of gritting arrangements – it was confirmed that this audit work was not part of the review of winter gritting arrangements. The review had been undertaken to determine what work had been undertaken and if it was in line with guideline that had been approved and covered by insurance. It was raised that a large part of Cheshire East was rural, and it was asked what weight was given to road being in a rural area and local member knowledge of these when considering the Winter Gritting Routes. It was suggested that this matter should be raised with the Chair of the Highways and Transport Committee.
- Land Transaction audit was missing from the report – it was agreed that Table detailing audit reviews that had not started during Q1/Q2 but would be undertaken before the end of the financial year be updated to include Land Transactions, which had been omitted in error, and circulated to committee members.

RESOLVED: That the Committee

- 1 notes the contents of the Internal Audit Update Report, at Appendix 1 to the report; and

- 2 approves the updated Internal Audit Charter, at Appendix 2 to the report.

54 EXTERNAL AUDIT PROGRESS REPORT

Consideration was given to the External Audit Progress Report.

Mark Dalton from Mazars reported on the progress to date with the audit of the 2020/21 statement of accounts. With regards to the ongoing accounting issues of infrastructure assets, the Government had consulted on an optional temporary Statutory Override to allow councils to prepare accounts that were materially correct. The temporary Statutory Override was in place Mazars would undertake work to understand the impact on the Council's accounts and undertake the required audit work. In addition to this work, there were a few areas where audit work remained outstanding and these were listed in the report.

The Director of Finance and Customer Services and S151 Officer reported that he had received an email from PSAA that stated it was proposed that Mazars would be appointed as the external auditor for Cheshire East Council for five years from 2023/24 to 2027/28.

RESOLVED: That the Committee

- 1 note the Audit Progress Report of Mazars relating to the accounts for the year ending 31 March 2021 and 31 March 2022.
- 2 note that Mazars have been appointed as the Council's auditors for the next five years from 2023/24 to 2027/28.

55 ANNUAL GOVERNANCE STATEMENT 2021/22

The Committee received a verbal update on the draft Annual Governance Statement 2021/22.

As publication of the Annual Governance Statement 2021/22 had been delayed, it was agreed that the latest version would be circulated to the committee members along with a reference sheet detailing the changes made since it was last presented to the Committee in September 2022.

RESOLVED:

That the verbal update be noted, and the latest version of the Annual Governance Statement 2021/22 be circulated to committee members.

56 RISK MANAGEMENT UPDATE

The Committee considered the report which provided an update on the Strategic Risk Register for the period Q1 2022/23 and an overview of other risk management activity in the organisation.

Table 1 in the report set out the Strategic Risk Register content and the gross and net scores following the Q1 2022/23 review. The net score for Risk SR1C – Increased Demand for Children’s Services, had increased due to recruitment difficulties which were impacting service delivery. An additional risk – SR16 Integrated Care System Integration, had been added to the Strategic Risk Register due to lack of effective and timely communications to support decision making in adult services.

The Committee referred to paragraph 6.28 of the report which made reference to a session for the Audit and Governance Committee to look at SR13 – Reputational Risk, and it was asked that arrangements be made for the session to take place.

RESOLVED:

That the Committee note the update on the Strategic Risk Register.

57 WORK PROGRAMME 2022/23

The Committee considered the Work Programme for 2022/23.

It was asked if a report on the Sandbach Code of Conduct hearing would be brought to the Committee. In response the Director of Governance and Compliance stated as the hearing had taken place in December 2021 consideration needed to be given to the value of bring a report to the Committee now.

Concerns were raised about the issues being experienced with the audio webcast of committee meetings and sought assurance that these issues were being looked into and what was being done to rectify them.

RESOLVED:

That the Work Programme for 2022/23 be received and noted.

58 COMPLIANCE WITH CONTRACT PROCEDURE RULES

The Committee considered a report on the number of cases where, and reasons why, procurement activity had required the use of waivers and/or non-adherences (WARNs), during the period 1 September 2022 to 31 October 2022.

A total of five waivers to the Contract Procedural Rules had been issued in this period, which brought the total of WARNs to 18 for 2022/23.

RESOLVED: That the Committee

- 1 note the reasons for the 5 waivers approved between 1 September 2022 and 31 October 2022 (18 in total in 2022/23).

- 2 Not that the Finance Sub Committee, on 9 November 2022, has reviewed the Waivers for this period as part of their responsibility for the pipeline of procurement activity.

59 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)(4) of the Local Government Act 1972 as amended on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and public interest would not be served in publishing the information.

60 COMPLIANCE WITH CONTRACT PROCEDURE RULES

The Committee considered the five WARNs.

RESOLVED:

That the WARNs be received and noted.

The meeting commenced at 2.00 pm and concluded at 4.05 pm

Councillor M Simon (Chair)