

# Audit and Governance Committee

## Agenda

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**Date:** Thursday, 8th June, 2023  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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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 in the report.

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

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

In accordance with paragraphs 2.24 of the Council's Committee Procedure Rules and Appendix on Public Speaking a total period of 15 minutes is allocated for members of the public to put questions to the committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes each to speak, and the Chair will have discretion to vary this where they consider it appropriate.

Members of the public wishing to speak are required to provide notice of this at least three clear working days' in advance of the meeting and should include the question with that notice.

4. **Minutes of Previous Meeting** (Pages 5 - 14)

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For requests for further information

**Contact:** Jennifer Ashley

**Tel:** 01270 685705>

**E-Mail:** [jennifer.ashley@cheshireeast.gov.uk](mailto:jennifer.ashley@cheshireeast.gov.uk) with any apologies

To approve as a correct record the minutes of the meeting held on 9 March 2023.

5. **Audit & Governance Action Log** (Pages 15 - 18)

To consider the action log.

6. **External Audit Update**

Verbal update from External Auditors.

7. **CIPFA Review of the Audit and Governance Committee** (Pages 19 - 48)

To consider the attached report.

8. **Draft Pre Audited Statement of Accounts 2022/2023 and Outturn Update 2022/23** (Pages 49 - 68)

To consider a report which provides the pre-audited overview of the Cheshire East Council Outturn for the financial year 2022/23.

9. **Draft Pre Audited Financial Statements - Wholly Owned Companies 2022/23 and Out Turn Update 2022/23** (Pages 69 - 88)

To note that the Council's wholly-owned companies will publish, on their websites, their pre-audit Summary Financial Statements for year ended 31st March 2023.

10. **Land Transactions - Internal Audit Review** (Pages 89 - 110)

To receive the findings of the Internal Audit Review.

11. **Public Interest Report Update - External Auditor Fee Variation Proposal** (Pages 111 - 120)

To note the proposed audit fee variation and to note the process to review fee variations.

12. **Work Programme**

To consider the committee's work programme.

13. **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 Paragraph 7 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**

14. **Land Transactions Internal Audit Review** (Pages 121 - 124)

To consider the confidential appendix.

**Membership:** Councillors Adams, Anderson, Beanland (Chair), K Edwards (Vice Chair), Goldsmith, Heler, Houston, Redstone, Snowball and Mr R Jones.

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## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Thursday, 9th March, 2023 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, M Houston,  
P Redstone and M Sewart

Mr R Jones, Independent Co-opted Member

### **OFFICERS IN ATTENDANCE**

David Brown, Director of Governance and Compliance and Monitoring Officer  
Alex Thompson, Director of Finance and Customer Services and S151 Officer  
Josie Griffiths, Head of Audit and Risk Management  
Michael Todd, Acting Internal Audit Manager  
Paul Goodwin, Head of Financial Services  
Helen Gerrard, Head of Customer Services  
Julie Gibbs, Data Protection Officer  
Lianne Halliday, Senior Procurement Manager  
Jennifer Ashley, Democratic Services Officer

### **61 APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

### **62 DECLARATIONS OF INTEREST**

There were no declarations of interest received.

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

There were no public speakers.

### **64 MINUTES OF PREVIOUS MEETING**

#### **RESOLVED:**

That the minutes of the meeting held on 24 November 2022 be approved  
as a correct record.

**65 AUDIT AND GOVERNANCE ACTION LOG**

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

1. Monitoring Officer Annual Report 2021/22 – Complaints

The following information was provided to the committee:

There were three stand out complaints in 2021 against 2022:

- 1) Legal  
(4 in 2021 vs 14 in 2022)

No common themes identified. Seven of the complaints received were complaints for the Monitoring Officer to consider. Other complaints related to delays, communication issues and an unpaid invoice.

- 2) Democratic Services and Compliance  
(3 in 2021 vs 34 in 2022)

23 of these complaints related to various alleged breaches of data protection and/or confidentiality which were investigated by the Compliance Team. Upon reviewing these a number of them have been recorded against Compliance when in fact they should have been recorded against the service that caused the alleged breach. These will be reviewed and re-categorised where appropriate.

- 3) Registration Services  
(0 in 2021 vs 12 in 2022)

No common themes identified. Complaints were about a number of issues including the poor quality of birth/death/marriage certificates, refunds for weddings cancelled due to Covid and inaccuracies on certificates.

It should also be noted that the number of complaints as a whole did reduce during 2020-2021 which are attributed to the effects of the Covid 19 Pandemic. Complaints subsequently increased again in 2021-2022.

2. Monitoring Officer Annual Report 2021/22 – Cancelled Meetings

Details of committee meetings cancelled during 2021/22 had been circulated to committee members outside of the meeting. It was noted the majority of meetings had been cancelled as there was no business for the various committees to consider.

3. Draft Annual Governance Statement

It was noted that a letter detailing the circumstances around reporting to the Adult and Health Committee and the Children and Families Committee regarding the All Age Carers Hub was sent to committee members via email on 21 February 2023. It was requested the email be recirculated to Committee Members.

4. Work Programme – S106 Funding

It was reported that a working group from the Environment and Communities Committee and Finance Sub Committee were reviewing this matter and key findings of the internal audit report, once completed, would be circulated.

5. Work Programme – Disability Monitoring

The Head of Audit and Risk would invite Independent Member, Mr Jones to be part of discussions during the setting of next years Internal Audit Plan.

6. Work Programme – Customer Service Review

This item would be added to the work programme.

7. Internal Audit Plan 2022/23: Progress Update

The Chair confirmed the action on sharing the committee's concerns was still outstanding and she would write to the Chair of the Highways and Transport Committee in due course.

8. Work Programme – Audio Recordings

A briefing note had been circulated to committee members outside of the meeting.

**66 PUBLIC INTEREST REPORT**

The committee received a report from the Chief Executive that provided an update on the agreed recommendations in relation to the Public Interest Report that was presented to Full Council on 1 February 2023.

With regards to the assurance work being undertaken by Internal Audit on land transactions the committee were informed that following the conclusion of investigations by Cheshire Police, Internal Audit had included a further review of land transactions within the 2022/23 internal audit plan. It was confirmed that Mazars (as current External Auditors) would consider the work undertaken by Grant Thornton and would collectively seek to close this area of audit work.

In addition, the committee was advised that a consolidated findings report was issued to management in August 2018 which addressed outstanding issues under a controlled environment that ensured findings had been addressed. Current work being undertaken sought to look at current controls and ensure that improvements have continued.

**RESOLVED:**

- (1) That the Audit and Governance Committee noted the Terms of Reference for the Internal Audit Assurance Review, and agreed for progress updates to be provided, ahead of the final report being provided to a future meeting of the Audit and Governance Committee;
- (2) That the Audit and Governance Committee noted the position from Mazars in relation to Recommendation 3 of the Public Interest Report;
- (3) That the consolidated key findings report issued to management in August 2018 be presented to the committee at its next meeting.

**67 EXTERNAL AUDIT FINDINGS AND ACTION PLAN 2021/22**

The committee received a report from the Director of Finance and Customer Services and update from external auditors, Mazars, that summarised the findings of the 2021/22 Audit. The report identified key issues considered by Mazars prior to issuing their opinion on the Council's financial statements and its arrangements for securing economy efficiency and effectiveness in the use of resources.

The Audit Completion Report for 2020/21 was presented to committee on 17 January 2022, with a supplementary letter to be provided once Mazars have completed their work on infrastructure assets. As a result of the audit work and subsequent findings, it was noted that there has been no material change to the Statement of Accounts for 2021/22 since publication on 29 July 2022.

The committee were informed that Value for Money work for 2021/22 is still ongoing which will be reported on once work on land transactions has been concluded.

**RESOLVED:**

That the Audit and Governance Committee;

- (1) Received the Audit Completion Report for the year ending 31st March 2022;
- (2) Noted the accounting policy with regard to the treatment of Infrastructure Assets will be updated in the final audited accounts in

line with the Statutory Instrument (SI 2022/123) that was issued on the 25 December 2022;

- (3) Delegated authority to the S151 Officer to:
  - a. Sign off the Statement of Accounts for 2021/22, once the audit has concluded, and to sign off the Statement of Accounts for 2020/21, when the supplementary letter has been received from the auditors
  - b. Notify Committee Members of the final signed Accounts being published on the Council's website.

## **68 ANNUAL GOVERNANCE STATEMENT 2021/22**

The committee received a report from the Executive Director of Corporate Services that provided details of the Annual Governance Statement for 2021/22. Once agreed and signed by the Leader and Chief Executive, the Annual Governance Statement 2021/22 will accompany the Statement of Accounts.

It was noted that the committee had received a draft Annual Governance Statement in September 2022. The draft document had been updated to include four arising significant issues relating to ASDV Governance, Planning, Cheshire East Safeguarding Children's Partnership Governance and the Public Interest Report.

The committee discussed the role of the Scrutiny Committee and how its role links with Service Committees and the Audit and Governance Committee. It was highlighted that it was important to record these links and therefore details of work undertaken by this committee should also be included in the Annual Governance Statement.

The committee also discussed an urgent decision taken to Children and Families Committee regarding the All Age Carers Hub. This had previously been discussed at the Audit and Governance Committee in September 2022 as a concern about governance, and it was requested that this was also included in the Annual Governance Statement.

### **RESOLVED:**

That the Audit and Governance Committee agreed to delegate authority to the Chief Executive and Leader of the Council to:

- (1) Sign off the Annual Governance Statement for 2021/22, with the requested additional references included, once the audit has concluded, and Statement of Accounts has been signed off and supplementary letter has been received from the Auditors:
- (2) Notify Audit and Governance Committee Members of the final signed Annual Governance Statement being published on the Council's website.

## **69 CERTIFICATION OF HOUSING BENEFIT SUBSIDY CLAIM AND TEACHERS PENSIONS RETURN 2021/22**

The committee received a report from the Director of Finance and Customer Service that provided details of the outcome of the External Auditor's certification process for 2021/22 Housing Benefits Subsidy Claim which had concluded that no errors or exceptions had been identified.

It was noted that that audit work on the 2021/22 Teachers Pension End of Year Certificate had not yet been completed and details of this work would be provided to the committee a future meeting.

**RESOLVED:**

The Audit and Governance Committee noted that as a result of the audit testing of the 2021/22 Housing Benefit Subsidy claim, no errors or exemptions were found and no recommendations for improvements were made to the DWP.

**70 RISK MANAGEMENT UPDATE**

The committee considered the report which provided an update on the Strategic Risk Register for the period ending Quarter 2 2022/23 and an overview of other risk management activity in the organisation.

Table 1 of the report set out the Strategic Risk Register content and the gross and net scores following the Quarter 2022/23 review. The committee were advised that continued rises in the cost of living have inevitably presented further demand for Council services, whilst the cost of providing those services continues to increase.

It was reported that two additional risks are now included on the Strategic Risk Register for Quarter 2 – SR17 Local Planning Authority Modernisation Plan and SR18 Delivery of the JTAI Improvement Plan.

**RESOLVED:**

That the Audit and Governance Committee noted the content and updates to the Strategic Risk Register.

**71 SIX MONTHLY COMPLAINTS REPORT**

The committee received a report from the Head of Customer Services that provided information and analysis of complaints and compliments and details of improvements undertaken by services to remedy issues identified.

During the past six month period, the number of complaints and compliments had reduced. The previous period was impacted by a peak in the volume of complaints arising from staffing issues withing the Waste and Recycling service which had now stabilised.

A total of 40 enquiries had been received by the Local Government and Social Care Ombudsman with 7 decision notices received that concluded there had been no maladministration causing injustice. A summary of these complaints were provided in Appendix 1 of the report.

Training for Officers responsible for complaints investigation had been arranged with the Ombudsman Service and procedures have been put in place to improve quality of responses to complaints.

**RESOLVED:**

That the Audit and Governance Committee:

- (1) Noted the content of the report and acknowledged the Council's compliance with the Corporate Complaints Policy and recommendations from the Ombudsman;
- (2) Agreed for this report be provided to the Chair of each Service Committee.

*Councillor Bailey left the room and did not return.*

**72 INSPECTION BY INVESTIGATORY POWERS COMMISSIONER'S OFFICE**

The committee received a report from the Director of Governance and Compliance that detailed the outcome of a remote inspection by the Investigatory Powers Commissioner's Office (IPCO) in relation to the Councils' use of its powers under Part II of the Regulation of Investigatory Powers Act 2000 (RIPA).

It was reported that the inspection took place in November 2022 with a summary of findings and action plan contained in the report. The inspection outcome showed a much improved position for the Council and positive comments were received towards the staff involved with the process.

**RESOLVED:**

That the Audit and Governance Committee:

- (1) Noted the outcome of the IPCO's inspection;
- (2) Agreed to the action plan to address the suggested improvements arising from the inspection and that the changes to policies and procedures will be undertaken;
- (3) Agreed to receive a report at a future meeting regarding the amendments to relevant policies and procedures arising from the inspection once finalised policies are available.

**73 INTERNAL AUDIT UPDATE REPORT Q3 2022/23**

The committee received an update on the work undertaken by Internal Audit between October – December 2022 and how this, along with planned work for the remainder of the financial year, would contribute to the Annual Internal Audit Opinion for 2022/23.

Details of the work undertaken were provided in Appendix A of the report.

**RESOLVED:**

That the Audit and Governance Committee noted the content of the Internal Audit Update Report.

**74 INTERNAL AUDIT PLAN 2023/24**

The committee received a report from the Director of Governance and Compliance that provided a summary of the Internal Audit Plan 2023/24.

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 objectives as an open and enabling organisation.

**RESOLVED:**

That the Audit and Governance Committee

- (1) Approve the Internal Audit Plan 2023/24;
- (2) Noted that the plan details priority work during quarters 1 and 2 along with additional areas for consideration during quarters 3 and 4. Progress against the plan, and the priorities for the last 6 months will be reported back as part of the regular updates to the committee.

**75 UPDATE REPORT - CIPFA REVIEW OF AUDIT AND GOVERNANCE COMMITTEE**

The committee received a report from the Director of Governance and Compliance that provided an update on the progress of the CIPFA Review and the proposed next steps.

It was reported that the CIPFA Consultant had concluded the review, with the findings report currently being finalised. A workshop is due to take place in April where members and officers will receive details of the findings and will work to agree a set of actions.

As detailed in the report, it was proposed that 5 members of the committee be nominated to the working group. An amendment was moved by Councillor Simon (Chair) and seconded by Councillor Redstone. Following

debate the amendment was voted upon and declared carried following an equality of votes and the Chair exercising their casting vote.

**RESOVLED:**

That all members of the Audit and Governance Committee be invited to attend a workshop to receive the CIPFA report findings and to propose actions back to the committee.

**76 WORK PROGRAMME**

The committee considered the work programme for 2022/23.

Concerns regarding winter gritting routes was raised as an item to add to the work programme, however, it was deemed more appropriate for the matter to be referred to the Highways and Transport Committee with a response to be provided to the Audit and Governance Committee.

**RESOLVED:**

That the work programme for 2022/23 be received and noted.

**77 CONTRACT PROCEDURE RULES**

The committee received a report from the Director of Finance and Customer Services (S151 Officer) that provided details of the number of cases where, and reasons why, procurement activity had required the use of waivers and / or non-adherences (WARNs).

Details of 6 WARNs were presented to the committee (4 waivers and 2 non-adherences).

Following advice of the Monitoring Officer, WARN Ref 1370 was presented in Part 1 as it was not deemed to include any financial or commercially sensitive information.

**RESOLVED:**

That the Audit and Governance Committee

- (1) Noted the reasons for the 4 waivers approved between 1 November 2022 and 31 January 2023 (22 in total in 2022/23):
- (2) Noted the reasons for non-adherences between 1 November 2022 and 31 January 2023 (3 in total in 2022/23)
- (3) Noted that the Finance Sub Committee, on 8 March 2022, reviewed the Waivers for this period as part of their responsibility for the pipeline of procurement activity.

**78 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.

**79 CONTRACT PROCEDURE RULES**

The committee considered the five WARNS.

**RESOLVED:**

That the WARNS be received and noted.

The meeting commenced at 10.30 am and concluded at 1.45 pm

Councillor M Simon (Chair)

## Audit and Governance Committee - Action Log

Item No	Report Title	Action	Who
<b>9 March 2023</b>			
6	Monitoring Officer Annual Report 2021/22	<p>Councillor Andrew Kolker noted that Appendix 1 of the report: Feedback Received there were three stand out complaints in 2021 against 2022: 1) Legal (4 in 2021 vs 14 in 2022) 2) Democratic Services and Compliance (3 in 2021 vs 34 in 2022) 3) Registration Services (0 in 2021 vs 12 in 2022) Given these areas of work have similar administration he queried if there was a common thread. The Director of Governance and Compliance agreed to investigate this further and bring it back to the Committee.</p>	<p>Response provided by Complaints Manager</p> <p>To be circulated by Democratic Services Officer</p>
6	Monitoring Officer Annual Report 2021/22	<p>Number of committee meetings cancelled in 2021/22 and reason for cancellation.</p> <p>The Director of Governance and Compliance reported on the number and reasons for cancellation of meetings in 2021/22 municipal</p>	<p>Director of Governance and Compliance and Democratic Services Officer</p> <p>Response to be re circulated by Democratic Services officer</p>

		year at the 24 November 2022 meeting. The Committee asked if the figures for 2022/23 could also be provided.	
7	Draft Annual Governance Statement	The Committee to be provided with a detailed briefing note in respect of the All-Age Carers Hub urgent decision that was taken at Children & Families Committee on the 23 September 2022.	Head of Democratic Services and Governance  Response sent to committee 21 February
11	Work Programme	The Chair agreed to share an email received by a few Members on Section 106 funding with officers to advise if it was suitable for sharing with the wider Audit & Governance Committee to draw in wider governance. Councillor Carol Bulman advised she was going to respond to the email via the Members Enquiry Service (MES) to ensure no confidentiality would be broken and feedback to the email author in due course	Working Group from the Environment and Communities Committee to undertake relevant work, key findings to be appraised by the Finance Sub Committee. Details will also be shared with Audit and Governance Committee when available.
11	Work Programme	Mr Ron Jones noted there was nothing in respect of disability or minority concerns on the Audit & Governance Work Programme. The Head of Audit and Risk agreed to speak to Ron Jones outside of the meeting.	The Head of Audit and Risk to invite Ron Jones to meetings in relation to setting of next year's Audit and Governance Plan
11	Work Programme	The Committee requested a briefing on the Customer Services Review be added to the Committee Work Programme to report back	Member Training and Development Officer and Head of Customer Services to discuss.

		from the Head of Customer Services to the next meeting.	The Director of Finance and Customer Services to chase up.
7	Internal Audit Plan 2022/23: Progress Update	The committee noted that Internal Audit had undertaken a specific audit in ANSA relating to gritting arrangements and during discussion the Committee's raised concerns the weight was not given to the fact that some roads were 'rural road' used by rural communities and felt that the type of road should be considered when assessed for winter gritting policy and also ward councillor's local knowledge not sought on local roads.	The Chair to write to the Chair of Highways and Transport Committee with the committee's concerns.
11	Work Programme	Concerns were raised on the quality of the audio broadcasts of Council and committee meetings. It was requested that assurance be provided that these issues were being investigated.	Response circulated by Head of Democratic Services and Governance/Democratic Services Officer

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OPEN

## **Audit and Governance Committee**

**8<sup>th</sup> June 2023**

### **CIPFA Review of Audit and Governance Committee; Report and Action Plan**

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**Report of:** David Brown, Director of Governance and Compliance

Alex Thompson, Director of Finance and Customer Services

**Report Reference No: AG/01/23-24**

**Ward(s) Affected:** All

#### **Purpose of Report**

- 1 This report provides the Audit and Governance Committee with the report from CIPFA (Appendix 1), following the review undertaken against their “Audit committees: practical guidance for local authorities and police” guidance, and actions agreed at a workshop of officers and Members of the Committee in April 2023 in response to the report’s action plan (Appendix 2). This review was endorsed by the Committee in July 2022 and is part of the Council’s “Open” aim in the Corporate Plan 2021-2025; ensuring there is transparency in all aspects of council decision making.

#### **Executive Summary**

- 2 In July 2022, following the publication of an updated position statement for Audit Committees from CIPFA (Appendix 3), the Audit and Governance Committee endorsed a review of the Committee to be undertaken by CIPFA, against their updated guidance “Audit committees: practical guidance for local authorities and police.”
- 3 As agreed by the Committee in March 2023, the CIPFA report was shared at a workshop in April 2023, held with the Members of the Audit and Governance Committee, and the officers who advise and support the Committee. In that workshop, a series of actions were developed in response to the report’s action plan. These are shared in Appendix 2 for

this meeting of the Audit and Governance Committee to consider and endorse.

#### RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Consider and agree the planned actions, including responsibilities and timescales, set out in the response to the report's action plan, set out in Appendix 2.
2. Review progress against the implementation of the recommendations, with an update on these being included as part of the Audit and Governance Committee's Annual Report to Council.
3. Invite CIPFA to return to review the Committee and progress made.

#### Background

- 4 In July 2022, following the publication of an updated position statement for Audit Committees from CIPFA (Appendix 3), the Audit and Governance Committee endorsed a review of the Audit and Governance Committee to be undertaken by CIPFA, against their updated guidance "Audit committees: practical guidance for local authorities and police."
- 5 CIPFA's consultant, Elizabeth Humphrey, met with members of the Committee and officers who regularly support the committee during January 2023, and was also provided with documentation such as the Committee work programmes and agenda packs.
- 6 The final report was subsequently shared with Members of the Audit and Governance Committee on the 11 April 2023. Along with the senior officers who regularly support the Committee, the report was discussed at a face-to-face workshop on 17 April 2023. The report was presented by Elizabeth Humphrey, with members and officers then working through the findings to agree a set of actions to be proposed to the new membership of the Committee, post-election.
- 7 11 recommendations were made in CIPFA's report, and 23 proposed actions are set out in Appendix 2. The recommendations and associated proposed actions range from practical changes to the administration and organisation of the Committee, improving briefing and training for Committee Members, and recognising and respecting the behaviours appropriate to the Committee's purpose. The workshop welcomed the report and broadly supported the recommendations. There was a

consensus that their adoption would be beneficial to further developing the trust and confidence between Members and officers, which is essential to the effective working of this committee.

### Consultation and Engagement

- 8 Members of the Committee and officers who regularly support the Committee met with the consultant, Elizabeth Humphrey, in individual meetings to inform the review, and the final report was discussed by the members and officers to agree a series of actions in response.

### Reasons for Recommendations

- 9 The Committee’s current Terms of Reference were informed by the 2018 CIPFA guidance, which has subsequently been updated. The composition and Terms of Reference were updated as the Council moved to the Committee systems of governance, with the Audit and Governance Committee recommending changes in March 2021. A further review of the Committee Terms of Reference was not then undertaken by CEC officers against the 2022 CIPFA guidance, as this was part of the scope of the review carried out by CIPFA.
- 10 Adopting and implementing the actions discussed at the Member and Officer workshop would provide evidence that Committee’s terms of reference reflect the current good practice model, shared in the CIPFA guidance. These, along with practical changes set out in the actions, should improve the overall effectiveness of the Council’s Audit and Governance Committee.
- 11 The Committee could resolve to adopt all the actions recommended, to adopt in part, or resolve to continue “as is” and not endorse the action plan at all. The implications and risks involved with adopting in part or failing to adopt are set out in the options appraisal table below.

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Option	Impact	Risk
Do nothing	The effectiveness of the Committee does not improve or worsens.	The Committee performs poorly and undermines the effectiveness of governance in the Council.
Adopt action plan in part.	Dependent upon which actions are adopted and implemented, aspects may improve, but unlikely	The Committee doesn’t proactively or consistently improve the effectiveness of the Committee, and

Option	Impact	Risk
	to achieve optimum improvements.	therefore wider governance in the Council.
Adopt action plan as recommended	The implementation of all proposed actions, once embedded and subject to review, will improve the effectiveness of the Audit and Governance Committee and give assurance that national expectations are being met	This option should provide the most effective mitigation to the risk of the Committee performing poorly and undermining the effectiveness of the Council's governance arrangements.

## Implications and Comments

### *Monitoring Officer/Legal*

- 13 The position statement, Appendix 3, represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. The review of the Council's Audit and Governance Committee has been carried out against the position statement, and the detailed supporting guidance.
- 14 A detailed paper on the changes required to the Committee's Terms of Reference to align it with the good practice set out in the CIPFA guidance will be brought to the Audit and Governance Committee, for it to recommend the adoption of this to Full Council.

### *Section 151 Officer/Finance*

- 15 There are no changes to the Council's medium term financial strategy arising from this report. Changes to working practices and the changes to the Committee's Terms of reference will be part of business as usual for the services which support the Audit and Governance Committee.
- 16 The cost of a further review by CIPFA, if endorsed, will be met by budget within the Governance and Compliance department.

### *Policy*

- 17 The review of the Council's Audit and Governance Committee has been carried out against the position statement, and the detailed supporting guidance; any changes arising from the review will seek to ensure the Committee adopts and acts in accordance with best practice guidance.

- 18 Ensuring the effective working of the Audit and Governance Committee supports the Council's "Open" aim in the Corporate Plan 2021-2025; ensuring there is transparency in all aspects of council decision making.

**An open and enabling organisation**

- ensuring there is transparency in all aspects of council decision making

*Equality, Diversity and Inclusion*

- 19 There are no equality implications arising from this report.

*Human Resources*

- 20 There are no human resources implications arising from this report.

*Risk Management*

- 21 The adoption of the recommendations and actions arising from the review will manage the risk that the Council's Audit and Governance Committee is ineffective. The Committee will receive update reports on progress in the implementation of the actions, which will ensure any concerns over resourcing can be shared, and the Committee will be able to reflect on whether the actions are achieving the desired outcome.

*Rural Communities*

- 22 There are no rural communities implications arising from this report.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 23 There are no Children and Young People/Cared for Children implications arising from this report.

*Public Health*

- 24 There are no public health implications arising from this report.

*Climate Change*

- 25 There are no climate change implications arising from this report.

<b>Access to Information</b>	
Contact Officer:	Josie Griffiths Head of Audit and Risk <a href="mailto:josie.griffiths@cheshireeast.gov.uk">josie.griffiths@cheshireeast.gov.uk</a>
Appendices:	<u>Appendix 1</u> – CIPFA Review of the Audit and Governance Committee  <u>Appendix 2</u> – Cheshire East Council – Action Plan for Audit and Governance Committee  <u>Appendix 3</u> – CIPFA Position Statement
Background Papers:	Work Programme – Addition of the CIPFA review to the Work Programme. (Audit and Governance Committee, 28 <sup>th</sup> July 2023)  Update Report – CIPFA Review of Audit and Governance Committee (Audit and Governance Committee 9 <sup>th</sup> March 2023)

# Review of the Audit and Governance Committee

Cheshire East Council

March 2023

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## Introduction

CIPFA has recently completed a review of the operation of the Audit and Governance Committee at Cheshire East Council. The Committee recognises that it needs to evolve and improve and it is looking for ideas to take its development forward to deliver an effective support to the administrative operation of the Council. The aims of the review were to:

- Help the committee members and those working with the committee to establish a shared understanding of the role of the committee and where it can have an impact.
- Review the operation of the committee, including how it has fulfilled its terms of reference and demonstrated the impact of its work.
- Identify any areas for improvement and support the Council in its development plan for the committee.
- Identify areas where further training or support to committee members is recommended, particularly in accordance with CIPFA's guidance.
- Share CIPFA's guidance and experience of working with other audit committees in local authorities.

## Methodology

We undertook the following work:

1. Meeting all nine of the Committee members to obtain their views on what works well and what needs to be improved. The independent co-opted member was unavailable at the time of the review.
2. Meeting the key officers who work with the Committee to understand their role in relation to it and to gain their perspective on what works and what needs improving.
3. Reviewing the terms of reference of the Committee and meetings of the Audit and Governance Committee (January 2021 – November 2022) using published Committee papers. Observing the meetings on 29 September and 24 November 2022.
4. Using CIPFA's 2022 guidance on audit committees and its experience of working with other audit committees to review how effectively the Audit and Governance Committee has been operating.

## Summary of findings

The Audit and Governance Committee is not functioning effectively as an audit committee, that is, it is not concentrating on matters that would support and develop the effective operation of the organisation of the Council. Instead, it routinely slips into political discussions and goes outside its remit while failing to address some matters that should fall under it. It does not distinguish between its standards role and its audit committee role and it uses the governance part of its name as a reason to include items on its agenda that are already or should be considered by other committees. There is little obvious reference to the Committee's terms of reference other than when officers are trying to find a way to meet a member request. Moving the focus of the Committee to engage in governance matters early, looking for ideas and solutions and acting as a critical friend would help it to make an impact and deliver value to all in Cheshire East Council.

The Committee's terms of reference is based on CIPFA's 2018 guidance and is missing some of the key areas included in the 2022 guidance. It also includes items that should be dealt with by other committees. Revising the Committee's terms of reference and then making the link to the terms of reference in all agenda items would help to clarify its purpose, enabling it to focus on material matters and avoid scope creep. Improving the focus of the Committee will also support it in making an impact across the Council, so helping Cheshire East to function more effectively organisationally.

Further details are given below and we would like to thank all those who contributed to this review (see Annex 2 for a list of interviewees). We look forward to working with the Committee and officers to develop an action plan, based on the recommendations in Annex 1, to take the Audit and Governance Committee forward.

### Audit and Governance Committee terms of reference

We compared Cheshire East's Audit and Governance Committee terms of reference to the sample terms of reference in the 2022 CIPFA audit committee guidance and noted the following:

- There is no explicit reference to a number of areas that we would expect an audit committee to cover (ethical framework, assurance framework, internal audit standards, internal controls, value for money and the local code of governance). In addition, references to other areas need expanding to cover the breadth of the Committee's role in supporting the Council to operate effectively.
- While the Internal Audit Charter sets out that the Head of Audit and Risk should have free and unfettered access to the committee chair and can meet the committee privately, if necessary, this is not reflected in the terms of reference.
- It includes one item (the report on upheld ombudsman complaints) that, in its current form, would be better considered by service committees.
- A number of items routinely appear on the committee agenda that are not included in the terms of reference. While some of these are there to support the committee's functioning (the action log and work programme), at least one item (contract procedure rules/WARNs) is already considered by another committee and should not be part of an audit committee agenda and others seem to be for information and do not obviously support the committee in its work.
- There are no details on how the Committee fits in with other committees, for example how it could receive referrals from another committee or how it could refer items to another committee, nor how it is held to account through reporting to Council.

We have provided the details of our review against the terms of reference separately.

**(Recommendation 1 in Annex 1)**

### Agenda and meeting management

In common with many audit committees, the agenda for Cheshire East's Audit and Governance Committee contains many items and it is difficult to do each item justice while keeping the meeting to a reasonable length. On average, each meeting lasted just under four hours. The agenda could be reduced by:

- Removing the items that should not be part of an audit committee's remit, do not support it to make an impact on the way in which the Council functions and/or have already been considered by another committee.
- Receiving some reports half-yearly or annually and more frequently only by exception.
- Changing the focus of reports to concentrate on problems, developments, solutions and the future rather than providing information to note.
- Clearly differentiating between the audit committee and the standards role of the committee, not moving between the two mid-meeting.
- Making better use of the pre-meeting briefings to discuss and agree an agenda that delivers on the Committee's terms of reference and to identify appropriate areas for consideration coming from both members and officers.

**(Recommendation 2)**

## Audit and Governance Committee members

Committee meetings were well attended, with substitutes occasionally used when a member cannot be present. The use of substitutes is not recommended by CIPFA and any substitutes should be well-briefed and trained in the same way as a regular audit committee member to enable them to contribute effectively.

The Committee is larger than is generally recommended to function effectively. It is easier for all committee members to engage in a smaller committee and so enrich the discussions. We understand that the size of the committee is determined by the need to have a political balance but this should be kept under review.

Audit committees can be technically complex and a few members mentioned that they would like more training while others said that they were satisfied with what they were given. Audit committee training should cover all aspects of the committee's terms of reference. The areas that CIPFA addresses most frequently include:

- An introduction to the audit committee, what its role is and how it can contribute to the successful deliver of an organisation's objectives by receiving and providing assurance.
- The basics of risk management and the role of an audit committee in challenging the risk management framework and acting as a risk committee, if appropriate.
- Understanding and engaging with the governance framework to deliver an effective challenge to organisational arrangements and the AGS.
- Working with internal audit, contributing to the effective delivery of their plans and supporting them in meeting the requirements of the Public Sector Internal Audit Standards (PSIAS).
- Working with external audit and providing an effective challenge to the annual accounts.
- Being an effective audit committee, asking helpful questions, obtaining and providing effective assurance, making an impact and striving for continuous improvement.

**(Recommendations 1, 3 and 4)**

We were pleased to note that the Audit and Governance Committee includes a co-opted independent member. Independent audit committee members are recommended in the revised CIPFA guidance and can be a valuable resource to the committee:

- They can fill skills gaps in the membership.
- They send a powerful message about the independence of the committee.
- They provide continuity and corporate memory for a committee where the membership can change frequently.

The Government announced (1 May 2022) that every public sector audit committee must have an independent member and legislation is to be introduced to this effect. CIPFA recommends appointing at least two independent members.

It is important that a clear message is given about the independence and objectivity of the committee and its ability to challenge the administration's operational arrangements appropriately and effectively. Having an opposition chair supports this and we believe that these arrangements could be strengthened. While the current terms of reference of the committee excludes the leader, deputy and chairs of service committees, we suggest that there is a delay before those who have previously held these roles can sit on the committee and also to exclude those who have senior positions in political parties (whips, group administrators, etc). Developing person specifications for the committee chair and members will support party leaders in putting forward effective committee members.

### **(Recommendations 3 and 5)**

## **Questioning and purpose**

The purpose of an audit committee is to obtain assurance that the organisation is operating effectively (in other words, looking at the engine of the organisation) and to identify ways in which this can be improved. Many of the questions asked by the Audit and Governance Committee were focussed on assurance gathering but, at times, they became political or seemed to be asked to make a point about a person or activity or asked out of interest. A few members mentioned the retrospective nature of the committee, failing to consider its role in finding solutions and improvements. Greater clarity about the Committee's role in its terms of reference and making the link between items on the agenda and the terms of reference would help it to maintain its focus and avoid scope creep.

### **(Recommendation 1)**

## **Keeping things apolitical**

Because the focus of an audit committee is on the organisation of the council, politics should not feature. Audit committees should consider how policies are implemented, not the policy or the decision itself. Almost all interviewees mentioned that the Cheshire East Audit and Governance Committee became political at times and at least two said that it was not a nice committee to attend. We observed some inappropriately political behaviour in meetings, with members using the 'governance' part of its name to raise matters that should be dealt with by other, more politically-focussed committees. Developing the Committee's terms of reference to clarify its role and set out its overarching purpose and philosophy, together with mandatory early training for new Committee members and refresher training for those who are returning to the Committee, would help to set the right culture and reinforce the Nolan principles.

**(Recommendations 1 and 3)**

## The audit committee's role in relation to risk

CIPFA has expanded its advice on the audit committee's role in relation to risk in the most recent edition of its guidance. Previously it focussed on the role of the audit committee in relation to the risk framework and arrangements but it now also considers the risk committee role that audit committees may take on where there is no other body to do so. The terms of reference for the Audit and Governance Committee at Cheshire East includes both of these roles but we saw evidence only of its risk committee role, with members reviewing the full strategic register a few times each year. There was no consideration of risk management arrangements in the two years covered by the review and we understand that this is, in part, a reflection of the need to update the risk management arrangements at the Council. The Corporate Policy Committee and service committees all carry out some risk management roles. It is important that the Committee avoid duplication and:

- Is clear when it is acting as a risk committee and when it is taking on the overview audit committee role.
- Checks for and avoids overlaps with the risk roles of other committees, especially the Corporate Policy Committee, so that it can add value in its work. For example, we noted that the Audit and Governance Committee saw the quarter one risk register at much the same time as the Corporate Policy Committee was reviewing the quarter two risk register.
- Distinguishes between these roles in the terms of reference and sets out clearly what it does and does not do in relation to risk and where it draws assurance from the work of another committee or body.
- Is purposeful in its risk work, focusing on the material outcome of risk management rather than the nuts and bolts of the process. At times, the focus seemed to be political rather than concentrating on the risk register.
- If acting as a risk committee, it invites risk owners to discuss their risks rather than relying on the officers who are routinely in Audit and Governance Committee meetings to answer questions.

**(Recommendations 1 and 6)**

## Reviewing the annual accounts

Reviewing the annual accounts, providing an independent challenge and approving them for the Council are important roles for an audit committee. At Cheshire East, members are given a summary of the accounts, highlighting the key trends, in a report that they are asked to note. They are then asked to examine the accounts during the public inspection period, raising questions with officers before the accounts are signed off. We understand that a few members take on this task for the committee and then report back. While this may help to reduce the length of the agenda and is, perhaps, a pragmatic solution to the problems faced by many audit committees when they review the accounts, this approach raises a number of questions:

- How do all members engage in this review and fulfil their responsibility to provide assurance to those charged with governance?

- How can the committee demonstrate that they have actively reviewed the accounts if questions are dealt with outside committee meetings?
- Why are members asked to note a report where their active involvement is crucial? The accompanying slide pack makes this clear and the report should replicate this.

**(Recommendation 7)**

## Working with internal audit

External audit attends almost every Audit and Governance Committee meeting. We have no observations to make in relation to external audit other than to suggest that they consider the value of attending meetings where their contribution is limited to highlighting national reports.

Internal audit attends every meeting of the Committee and the Chair and Vice Chair meet the Head of Audit and Risk and other officers before each meeting but there is no other formal or informal contact between internal audit and the Committee. Each is reliant on the other to do a good job and we suggest that, as a minimum, the Chair, Vice Chair and Head of Audit and Risk meet informally after each meeting to share ideas, to identify matters to take forward and to plan for the next meeting.

It is recommended good practice for the audit committee to meet both internal and external audit separately, privately and formally at least once a year. This sends the important message that the audit committee takes these services seriously and listens to what they have to say. We understand that the Chair and Vice Chair meet external audit before every meeting and we suggest that the whole committee meet both internal and external audit once a year. These meetings could take the form of a short session before the open part of the meeting starts, with only internal or external audit and the committee members present so that they can formally raise any matters of concern

**(Recommendation 8)**

The Committee's terms of reference lacks detail regarding its relationship with its auditors, internal and external, and references to the Public Sector Internal Audit Standards. It should be expanded to cover the areas included in the CIPFA recommended terms of reference.

**(Recommendation 1)**

## Making an impact

The audit committee is there to make a difference and to help the engine of the council function better. Historic issues have resulted in the Audit and Governance Committee being engaged in challenging matters that have been perceived as political and resulted in officers being inappropriately drawn into the political debate. This has resulted in a lack of trust between officers and members and the Committee has been unable to make an impact. The Committee should use the opportunity when it is reconstituted in May to re-evaluate and reset relationships, both within the Committee and with officers, to encourage a higher level of mutual trust and confidence. If the Committee is to make an impact, members and officers must create an environment of mutual support, trust and understanding. This will enable them to discuss matters openly, to seek effective solutions together and to share delicate or confidential information, knowing that it will not be used inappropriately.

The Committee should look for ways to engage with new developments at an early stage to consider the adequacy of the governance, audit, risk and control arrangements, acting as a

critical friend and supporting the Council to deliver against its objectives. It should also look for opportunities to learn lessons and improve. For example, consideration of the reports on the ombudsman's findings and on WARNs could be refocussed to examine lessons learned and the steps that are being taken to avoid such issues in the future. Changing the emphasis to a more proactive, solutions-based approach would support the Committee in making an impact and demonstrating its value to the Council and all members. Properly constituted working groups, that is with a terms of reference, an agreed deadline and having a political balance, can be another way to engage in supporting the Council to develop and improve.

During the period of this review, Grant Thornton (auditors until 2018) issued a Report in the Public Interest focussing on the culture and governance arrangements at the Council in 2014 – 2018. There were references in this report to 'Elected Members micromanaging staff or placing excessive demands on them' and we observed some of these behaviours in the Audit and Governance Committee meetings that we watched. As the authority continues to develop its governance arrangements, guidance and support around member/officer relationships should include the Audit and Governance Committee.

**(Recommendations 9 and 10)**

Ensuring that the committee focusses on its key purpose, looks for improvements and towards the future will help it make an impact. Developing the Committee's terms of reference to make this emphasis clear and to highlight its monitoring and assurance role will be a useful starting point. In addition, committee members should both raise Audit and Governance Committee matters elsewhere and bring information from other committees to the Audit and Governance Committee as the occasion arises. We also suggest that the role of the audit committee should be set out in induction training for new councillors and refresher training for those returning to improve the general awareness of the committee.<sup>1</sup> An effective audit committee is an excellent training ground for members who aspire to higher office and should be viewed as a mandatory part of the induction of such members.

**(Recommendation 1)**

The Committee produces an annual report to the Council, as recommended by CIPFA. However, the report is written by the Head of Audit and Risk and is presented to the Committee for it to note rather than engage in. The focus of the report is on what was covered in the agenda for each meeting rather than on the outcome of those meetings. These reports should come directly from the Chair, with input from officers, and consider both the Committee's activities in delivering its terms of reference and on the difference that it has made in doing so<sup>2</sup>. We suggest that the Committee chair could also produce a short briefing note at the end of each meeting, summarising the key points raised, to be shared with all councillors, thus demonstrating the Committee's impact. These summaries could form the basis of the annual report.

**(Recommendation 11)**

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<sup>1</sup> Some useful FAQs are included here <https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

<sup>2</sup> CIPFA's Position Statement (2022) says that the committee should report annually on how it 'has complied with the position statement, discharged its responsibilities, and include an assessment of its performance ..... The committee should evaluate its impact and identify areas for improvement'

## Annex 1: recommendations and action plan

	Recommendation	Response	Responsible person and date
1	Update the Audit and Governance Committee's terms of reference to set out its purpose, role and position within the governance arrangements at Cheshire East Council and its activities in relation to risk management. In particular, focus on its ability to make a difference and to support the Council to operate more effectively. Consider if the Committee's name appropriately reflects its role. Consider if its size could be reduced.		
2	Once the Committee's terms of reference has been revised, look for ways to reduce the length of the agenda, including identifying items that could be dealt with outside the committee cycle and reporting only those matters where audit committee input is needed. The briefing sessions should be used to this effect. Keep the audit committee and standards roles separate.		
3	Develop person specifications for the chair of the audit committee and its members. Carry out a skills audit of the committee and develop a relevant training programme, both to support those who are new to the Committee and as a refresher for more experienced members. Training should support members to discuss and agree how the Committee is going to address a topic and should be undertaken both to share knowledge and to develop an appropriate culture for the Committee. We suggest that the training offered and the take up are included in the annual report of the Committee (see recommendation 9) and also in the AGS. Training should mandatory for all committee members at the start of each electoral term and when joining or returning to the Committee mid-term.		
4	Consider asking each party to nominate a Committee substitute who will be trained in the same way as a permanent member of the committee. Only these trained substitutes should be allowed to cover for an absent member.		
5	Consider requiring a delay before members who have previously held senior positions in the council are included on the Audit and Governance Committee. Consider also excluding members who are senior in political groups. .		
6	Maintain a strategic approach to risk, focussing on the material matters around risk management arrangements. Taking deep dives into individual strategic risks may be helpful if acting as a risk committee, inviting risk owners to present their risks, to enable a more informed discussion and to increase risk accountability.		

	Recommendation	Response	Responsible person and date
7	The Audit and Governance Committee must formally review the full accounts, demonstrating their active engagement in this delegated responsibility. If the current arrangements continue, all questions dealt with outside meetings, other than purely technical ones, should be raised and answered in a formal meeting to ensure a transparent discussion. The report accompanying the accounts should set out members' role, requiring them to challenge, review and approve the accounts rather than noting them.		
8	Meet internal and external audit separately, formally and in private at least once a year and meet internal audit informally between meetings.		
9	The Committee and officers should work together to rebuild trust and a mutually supportive relationship. In particular, members must respect the confidentiality of the information shared with them in the Committee.		
10	Focus Committee discussions and activities towards the future, learning lessons, looking for improvements and supporting solutions that help the Council to operate effectively. Any working groups should be properly constituted.		
11	Produce an annual report to the Council from the Audit and Governance Committee Chair. Also consider producing a short briefing note from the Chair after each meeting, summarising the key points to be shared with all members.		

## Annex 2: interviewees

Name	Role
Cllr Rachel Bailey	Audit and Governance Committee Member
David Brown	Director of Governance and Compliance, Monitoring Officer
Cllr Carol Bulman	Audit and Governance Committee Member
Jane Burns	Executive Director, Corporate Services
Cllr Mark Goldsmith	Audit and Governance Committee Member
Josie Griffiths	Head of Audit and Risk
Cllr Alift Harewood	Audit and Governance Committee Member
Cllr Marilyn Houston	Audit and Governance Committee Member
Cllr James Nicholas	Audit and Governance Committee Member
Cllr Patrick Redstone	Audit and Governance Committee Member
Brian Reed	Head of Democratic Services and Governance
Cllr Margaret Simon	Chair of Audit and Governance Committee
Cllr Mike Stewart	Audit and Governance Committee Member
Alex Thompson	Director of Finance and Customer Services, S151 Officer
Janet Witkowski	Head of Legal Services

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	Recommendation	Proposed Actions	Responsible person and date	Other Key points from workshop discussion
1	<p>Update the Audit and Governance Committee’s terms of reference to set out its purpose, role and position within the governance arrangements at Cheshire East Council and its activities in relation to risk management. In particular, focus on its ability to make a difference and to support the Council to operate more effectively. Consider if the Committee’s name appropriately reflects its role. Consider if its size could be reduced.</p>	<ol style="list-style-type: none"> <li>1. The Committee Terms of Reference will be updated to address the issues identified in the comparison between the Committee’s current Terms of Reference and the July 2022 CIPFA guidance provided by CIPFA. A detailed report will be brought to a future meeting of the Audit and Governance Committee to consider and recommend new Terms of Reference to Council for adoption.</li> <li>2. Time to be scheduled for meeting preparation and post meeting debriefs. Key attendees for these would be the Chair, Vice Chair, relevant officers, and the democratic services officer. This would ensure any requests, issues or concerns from the Committee can be considered in further detail, and the appropriate form of presentation or report to meet requirements can be agreed upon and be prepared accordingly.</li> <li>3. Meeting attendees should be in mixed seating rather than political groupings, to emphasise the apolitical nature of the Committee. Formal and informal party politics and political behaviours need to be avoided in the Committee</li> <li>4. Progress appointment of the second co-opted independent person to the Committee.</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance. <b>Timescale:</b> To be scheduled on Work Programme; first report to July 27<sup>th</sup>, 2023, meeting, Audit and Governance Committee, 18<sup>th</sup> October 2023 Council.</li> <li>2. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance. <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair, relevant officers before July 27<sup>th</sup> meeting.</li> <li>3. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance. <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair, relevant officers before July 27<sup>th</sup> meeting.</li> <li>4. <b>Responsibility:</b> Head of Audit and Risk with support from Democratic Services, and engagement from Audit and Committee Chair, Vice Chair and Members. <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair, relevant officers before July 27<sup>th</sup> meeting.</li> </ol>	<p>Members and officers discussed the size of the Committee and the relative “newness” of the Committee system.</p> <p>Some Members observed that A&amp;G had acted as a constant in the change to the Committee system and felt that further change to the size of the committee should not be prioritised over addressing other issues identified by the CIPFA review.</p>
2	<p>Once the Committee’s terms of reference has been revised, look for ways to reduce the length of the agenda, including identifying items that could be dealt with outside the committee cycle and reporting only those matters where audit committee input is needed. The briefing sessions should be used to this effect. Keep the audit committee and standards roles separate.</p>	<ol style="list-style-type: none"> <li>5. Agenda items should be clearly linked to the Committee’s Terms of Reference. Each report to the Committee should be clear on why the report is being brought to the Committee, the decision or response needed by the Committee, and what assurances the report provides.</li> <li>6. The Work Programme and/or Terms of Reference should include an indication of how frequently each aspect of the Terms of Reference needs to be addressed; for example, the work programme needs to be reviewed at each meeting, whilst some reports are received annually only.</li> </ol>	<ol style="list-style-type: none"> <li>5. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance, Director of Finance and Customer Services and report authors. <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27<sup>th</sup> meeting.</li> <li>6. <b>Responsibility:</b> Head of Audit and Risk, Democratic Services Officer and report authors. <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair</li> </ol>	<p>Workshop attendees observed that Committee members may find it useful to review the work programmes of the service committees to get assurance on the relevance and scope of items they are considering.</p>

	Recommendation	Proposed Actions	Responsible person and date	Other Key points from workshop discussion
		<p>7. Retain public speaking on the agenda for each meeting but should follow the usual time allowances set out in Committee Procedure Rules.</p> <p>8. Agreement on taking reports for noting and managing agenda length will be discussed with the Chair and Vice Chair and senior officers supporting the discussion, with briefing sessions for the full Committee on the forthcoming meeting agenda items being introduced.</p> <p>9. As contract non-adherences and waivers are reported to the Finance Sub-Committee, to avoid duplication, these should not be brought to the Audit and Governance Committee, unless there are specific concerns identified by Finance Sub Committee around trends and patterns which should be brought to Audit and Governance Committee.</p> <p>10. When the Committee agenda requires consideration of Code of Conduct/standards items, the agenda should be arranged to provide a clear break between these items.</p>	<p>and relevant officers before July 27<sup>th</sup> meeting</p> <p>7. <b>Responsibility:</b> Democratic Services, Chair and Vice Chair <b>Timescale:</b> Can be implemented once endorsed.</p> <p>8. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance, Director of Finance and Customer Services, Chair and Vice Chair. <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27<sup>th</sup> meeting.</p> <p>9. <b>Responsibility:</b> Director of Finance and Customer Services <b>Timescale:</b> Can be implemented once endorsed.</p> <p>10. <b>Responsibility:</b> Director of Governance and Compliance, Democratic Services Officer <b>Timescale:</b> Can be implemented once endorsed, and as required.</p>	
3	<p>Develop person specifications for the chair of the audit committee and its members. Carry out a skills audit of the committee and develop a relevant training programme, both to support those who are new to the Committee and as a refresher for more experienced members. Training should support members to discuss and agree how the Committee is going to address a topic and should be undertaken both to share knowledge and to develop an appropriate culture for the Committee. We suggest that the training offered and the take up are included in the annual report of the Committee (see recommendation 9) and also in the AGS. Training should be mandatory for all committee members at the start of each electoral term and when joining or returning to the Committee mid-term</p>	<p>11. A skills audit can be carried out early in the term of the new Committee, and this will inform the programme of training and informal briefings to develop the Committee’s overall knowledge and understanding.</p> <p>12. Training offer and take up to be included in the annual report of the Committee, the Annual Governance Statement. Additionally, the wider Member Training offer and take up will be included in the annual Monitoring Officer report to the Committee.</p>	<p>11. <b>Responsibility:</b> Head of Audit and Risk, Democratic Services <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27<sup>th</sup> meeting.</p> <p>12. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance. <b>Timescale:</b> Can be implemented once endorsed.</p>	<p>Members and Officers had mixed feedback regarding person specifications, with some feeling that they could assist political groups with identifying the knowledge, skills and experience which would be useful to the Committee, whilst others viewed the appointment of the Committee as the role of the political groups.</p> <p>Induction training for new and returning members has always been provided; current Terms of Reference refer to this, and this will continue.</p>
4	<p>Consider asking each party to nominate a Committee substitute who will be trained in the same way as a permanent member of the committee. Only these trained substitutes should be allowed to cover for an absent member.</p>	<p>13. This is currently happening informally, as substitutes are provided with induction training, and the same substitutes tend to be used. By asking groups for nominated substitutes, these substitutes would be invited to briefings and training sessions to ensure their level of knowledge is maintained. The Terms of Reference will retain reference to trained substitutes being able to cover absences.</p>	<p>13. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance, Group Leaders and Administrators <b>Timescale:</b> Can be implemented once endorsed.</p>	

	Recommendation	Proposed Actions	Responsible person and date	Other Key points from workshop discussion
5	Consider requiring a delay before members who have previously held senior positions in the council are included on the Audit and Governance Committee. Consider also excluding members who are senior in political groups.	14. The adoption of the delay in joining the Audit and Governance Committee, for members who have previously held senior positions in the Council, and members who have held senior roles in political groups to be included in the revision of the Committee’s Terms of Reference.	14. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance, Group Leaders and Administrators <b>Timescale:</b> See Recommendation 1	
6	Maintain a strategic approach to risk, focussing on the material matters around risk management arrangements. Taking deep dives into individual strategic risks may be helpful if acting as a risk committee, inviting risk owners to present their risks, to enable a more informed discussion and to increase risk accountability.	15. Ensure the revisions to the Terms of Reference emphasise the role of the Committee in receiving assurance on the effectiveness of the risk management framework and risk management processes including “deep dives” on the strategic risk register items.  16. Provide training to the Audit and Governance Committee on undertaking “deep dive” reviews.	15. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance, <b>Timescale:</b> See Recommendation 1  16. <b>Responsibility:</b> Head of Audit and Risk <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 <sup>th</sup> meeting.	
7	The Audit and Governance Committee must formally review the full accounts, demonstrating their active engagement in this delegated responsibility. If the current arrangements continue, all questions dealt with outside meetings, other than purely technical ones, should be raised and answered in a formal meeting to ensure a transparent discussion. The report accompanying the accounts should set out members’ role, requiring them to challenge, review and approve the accounts rather than noting them.	17. A focused workshop on the statement of accounts and the Committee’s role in relation to them will be scheduled, with the expectation that this will enable the Committee to engage positively and constructively in the Committee meetings.	17. <b>Responsibility:</b> Director of Finance and Customer Services, Head of Financial Services <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 <sup>th</sup> meeting.	
8	Meet internal and external audit separately, formally and in private at least once a year and meet internal audit informally between meetings.	18. Meetings with the Chair and Vice Chair of the Committee and the Council’s External Auditors prior to each Committee meeting already take place. These could be developed to ensure that the full Committee meet with External Audit at these meetings, or ahead of the Committee a couple of times a year – useful timing of this would probably be to coincide with report on the external audit plan approach, and the completion of their work.  19. Meetings with internal audit could be included as part of wider briefing on progress against the annual internal audit plan.	18. <b>Responsibility:</b> Director of Finance and Customer Services, Head of Financial Services <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 <sup>th</sup> meeting.  19. <b>Responsibility:</b> Head of Audit and Risk <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 <sup>th</sup> meeting.	This recommendation wasn’t discussed in detail in the workshop; however, the proposed actions address the recommendations from the review.
9	The Committee and officers should work together to rebuild trust and a mutually supportive relationship. In particular, members must respect the confidentiality of the information shared with them in the Committee.	20. As per proposed action (8), all member briefings will be introduced to ensure members and officers have greater opportunity to discuss the agenda items in detail, and build knowledge and experience, which will support Members to ask constructively challenging questions in the public Committee meetings.	20. As per proposed action (8).  21. <b>Responsibility:</b> Head of Audit and Risk, Director of Governance and Compliance, Director of Finance and Customer Services, Chair, Vice Chair, Group Leaders and Group Administrators.	

	Recommendation	Proposed Actions	Responsible person and date	Other Key points from workshop discussion
		21. When appropriate, informal briefings will be used to cover confidential background information on reports. Members and officers would both need to respect the confidentiality of the information being shared and understand the reasons for the need for it to remain confidential. Respecting this will be key to building trust and support between the roles of members and officers.	<b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 <sup>th</sup> meeting.	
10	Focus Committee discussions and activities towards the future, learning lessons, looking for improvements and supporting solutions that help the Council to operate effectively. Any working groups should be properly constituted.	22. The revisions to the Terms of Reference (Proposed Action 1) need to make it clear that the Audit and Governance Committee is a Committee of the Council and serves to ensure that the Council is functioning as it should. A reminder could be given by the Chair at the start of the meeting to provide focus on what is required from the Committee.	22. As per proposed action (1).	Workshop attendees agreed that the Audit and Governance Committee should be the exemplar for other Committees of the Council, and that the work of the Committee should align with the work undertaken such as Brighter Futures and build upon this.
11	Produce an annual report to the Council from the Audit and Governance Committee Chair. Also consider producing a short briefing note from the Chair after each meeting, summarising the key points to be shared with all members.	23. An annual report of the Committee to Council is produced, but the observations on how this could be improved in terms of the outcomes and impact of the Committee's work will be included, along with any recommendations for what the Committee needs to include, or can stop doing, if appropriate. The content of the annual report will also be supported by the regular debrief meetings which will be introduced as per proposed action (2).	23. <b>Responsibility: Responsibility:</b> Head of Audit and Risk, Democratic Services Officer, Chair, Vice Chair, <b>Timescale:</b> Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 <sup>th</sup> meeting.	This recommendation wasn't discussed in detail in the workshop; however, the proposed actions address the recommendations from the review.



## CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

### Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

### Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

**The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.**

## CIPFA's Position Statement 2022: Audit committees in local authorities and police

### Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

### Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

## Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

### Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

### Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and conformance to professional standards
  - support effective arrangements for internal audit
  - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

### Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
  - promoting apolitical open discussion
  - managing meetings to cover all business and encouraging a candid approach from all participants
  - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

## Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

## Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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## **Audit and Governance Committee**

**8<sup>th</sup> June 2023**

### **Draft Pre-audited Statement of Accounts 2022/23 and Outturn Update 2022/23**

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**Report of:** Alex Thompson: Director of Finance and Customer Services

**Report Reference No:** AG/04/23-24

Ward(s) Affected: Not applicable

#### **Purpose of Report**

- 1 This report confirms that the Council has published, on its website, its pre-audited Statement of Accounts for the year ended 31st March 2023.
- 2 Information on the 2022/23 pre-audit Statement of Accounts, for the Cheshire East Group of Companies and for the single entity of Cheshire East Borough Council, will be presented to the committee. This step is taken to provide committee members with an early summary of the accounts, which will help them in advance of any formal responsibility to approve the accounts.
- 3 This report provides members with the pre-audited overview of the Cheshire East Council Outturn for the financial year 2022/23. Members are being asked to note the financial performance of the Council.

#### **Executive Summary**

- 4 This report outlines the timelines and processes for the pre-audited Statement of Accounts for 2022/23.
- 5 This report also provides Members with an overview of the Outturn position for the financial year 2022/23. A full narrative of the Outturn Summary will be presented at the Corporate Policy Committee on the 6<sup>th</sup> July 2023 and the subsequent Service Committees, thereafter.

## RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note the summarised position of the accounts for year ended 31st March 2023 based on the presentation provided at this meeting and included in this report at Appendix 1.
2. Note the dates in relation to the approval process for the Statement of Accounts.
3. Approve the setting up of an informal session with the Council's Officers to allow Members of the committee the opportunity to discuss in more detail the Statement of Accounts and to report such discussions back to the Committee.
4. Note the overall financial performance of the Council in the 2022/23 financial year, as contained within the report, as follows:
  - (a) A Net Revenue Overspend of £6.0m against a revised budget of £318.7m (1.9% variance) funded by the drawdown of £5.2m from the MTFE Earmarked Reserve and a reduction in the planned contribution of General Reserves by £0.8m
  - (b) General Reserves closing balance of £14.1m
  - (c) Capital Spending of £116.4m against an approved programme of £125.2m (7.0% variance)

## Background

- 6 The Statement of Accounts for 2022/23 is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 7 The Group statements consolidate the accounts of: Cheshire East Council and three wholly owned subsidiaries (Ansa, Orbitas and TSS); Although TSS ceased trading as at the 31<sup>st</sup> March 2022, there are residual consolidation transactions that have taken place in 2022/23 and have been included in the Group Statements.

- 8 The accounts of a fourth wholly owned subsidiary (TPE), and three other companies Cheshire & Warrington Local Enterprise Partnership, Alderley Park Ltd and Cheshire & Warrington Development Fund Ltd although part of the Group, are not consolidated on the grounds of materiality.
- 9 This mirrors treatment of these organisations in 2021/22 The single entity statements for Cheshire East Borough Council will also be presented to the Committee for approval on 28th September 2023.
- 10 The objective of the Statement of Accounts is to provide information about the organisation's financial performance that is useful to a wide range of interested parties. Its purpose is to give readers and stakeholders clear information about the Group's consolidated finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Group's net worth?
- 11 Members are not required to approve the pre-audit statement of accounts for the Group or for the Council as a single entity. But the Director of Finance & Customer Services (Section 151 Officer) is providing the committee with an update of the key messages from these accounts that he has signed off for publication. The Pre-Audit Statement of Accounts were published on the Council's website on the 31<sup>st</sup> May 2023 and the certified Statement of Accounts will be published by the 30th September 2023.
- 12 The final audited Statement of Accounts will be presented to this Committee for approval on 28th September in time for publication by the deadline of 30<sup>th</sup> September 2023.
- 13 The recommendations within the 2022/23 Third Financial Review and the Medium-Term Financial Strategy (MTFS) were clear in the treatment of the outturn and future reserve balances:  
  
Revenue Outturn
- 14 The MTFS recognised emerging risks such as inflation and particularly the Dedicated Schools Grant (DSG) deficit, which highlighted there is no alternative funding.
- 15 The financial outturn for Cheshire East Council is an overspend of £6.0m.
- 16 This position has required the draw down £5.2m from the MTFS reserve as forecast at the Third Financial review, with £0.8m being required from the General Fund reserve. This was £1.7m less than forecast.

17 General reserves increased from £12.6m to £14.9m due to the favourable outturn from 2021/22. This balance has then been reduced by £0.8m as noted above resulting in a closing General Reserve balance of £14.1m.

18 Table 1: Total Net Revenue Budget is overspent by £6.0m

2022/23 Outturn Review	Revised Budget (Net) £m	Third Quarter Over / (Underspend) £m	Final Outturn Over / (Underspend) £m
<b>Service Directorates</b>			
Adults, Health and Integration	121.7	8.9	10.5
Children and Families	78.6	3.5	5.2
Place	80.3	1.9	(1.2)
Corporate	39.7	0.4	(0.7)
<b>Total Services Net Budget</b>	<b>320.3</b>	<b>14.6</b>	<b>13.8</b>
<b>Central Budgets</b>			
Capital Financing	17.1	-	-
Transfer to / from Earmarked Reserves	(5.7)	(6.0)	(6.0)
Corporate Contributions / Central Budgets	(13.0)	(1.0)	(1.8)
<b>Total Central Budgets</b>	<b>(1.6)</b>	<b>(7.0)</b>	<b>(7.8)</b>
<b>Total Net Budget</b>	<b>318.7</b>	<b>7.7</b>	<b>6.0</b>
Business Rates Retention Scheme	(26.3)	-	-
Specific Grants	(36.5)	-	-
Council Tax	(253.8)	-	-
<b>Funding</b>	<b>(318.7)</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>	<b>(318.7)</b>	<b>7.7</b>	<b>6.0</b>

### Capital Outturn

- 19 Expenditure on the capital programme is £116.4m against a revised forecast of £125.2m that was reported to the Finance Sub Committee on the 8<sup>th</sup> March 2023 as part of the Financial Update report. The underspend of £8.8m will be slipped into 2023/24 and budgets will be re-profiled as part of the outturn reporting.
- 20 The original budget set in February 2022 was £185.2m, during 2022/23 project managers were asked to re-profile their forecasts resulting in the revised forecast of £125.2m. Capital receipts in year amounted to £4.9m against a forecast of £1.0m, in the first instance this improvement

reduces potential borrowing costs. Treatment of capital receipts will be considered as part of the review of the Capital Strategy.

- 21 Table 2 : Total Capital Expenditure and Funding for the financial years 2022/23, and 2023/24 to 2025/26

	Outturn 2022/23 £m	Three Year Forecast			Total £m
		2023/24 £m	2024/25 £m	2025/26 £m	
<b>Expenditure</b>					
Children and Families	9.3	52.0	34.1	31.7	127.1
Adults and Health	0.0	0.5	0.0	0.0	0.5
Highways and Transport	65.6	69.6	77.4	128.4	341.0
Economy and Growth	21.0	93.4	55.2	78.7	248.3
Environment and Communities	13.2	11.3	16.7	0.6	41.8
Corporate Policy	7.3	13.6	9.7	5.9	36.5
<b>Total Expenditure</b>	<b>116.4</b>	<b>240.4</b>	<b>193.1</b>	<b>245.3</b>	<b>795.2</b>
<b>Funding</b>					
Grants and Other Contributions	53.8	159.9	141.6	139.1	494.4
Capital Receipts and Reserves	2.2	4.9	1.0	33.6	41.7
Borrowing	60.4	75.6	50.5	72.6	259.1
<b>Total Funding</b>	<b>116.4</b>	<b>240.4</b>	<b>193.1</b>	<b>245.3</b>	<b>795.2</b>

## Consultation and Engagement

- 22 The accounts will be available for public inspection for 30 working days between the dates of 1st June to 12th July 2023, between 10 am and 4 pm Monday to Friday.
- 23 Any person may inspect, and make copies of the accounts and all books, deeds, contracts, bills, vouchers, receipts and other related documents of the Council for the year ended 31st March 2023, as stipulated in Section 25 of the Local Audit and Accountability Act 2014.
- 24 As part of the budget setting process the Pre-Budget Consultation provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals

affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

### **Reasons for Recommendations**

- 25 The Accounts and Audit Regulations 2015 require the Audit and Governance Committee to approve the Statement of Accounts after the external audit is completed.
- 26 To support this responsibility the Committee is provided with an overview of the key issues within the draft Statement of Accounts before the external audit work is completed. This allows committee members adequate time to scrutinise the statements ahead of the deadline for approval.
- 27 The Department of Levelling Up, Housing and Communities (DLUHC) put in place revised regulations that came into force on 22nd July 2022. The regulations stated that for the years 2022/23 to 2027/28 the deadline for the accounts to be signed off by has been extended from the 31st July to the 30th September.

### **Other Options Considered**

- 28 Not Applicable

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 29 The regulations arising out of the Local Audit & Accountability Act 2014 (Accounts and Audit Regulations 2015) prescribe statutory provisions regarding the overall format and approval procedures for authorities' financial statements. The detailed format of the Statement of Accounts is laid out annually by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the form of the Code of Practice on Local Authority Accounting in the UK (the Code).
- 30 The pre-audit Statement of Accounts must be signed by the Council's Section 151 officer and published by the required deadline following the financial year end. Even though the pre-audit statements do not require committee approval at this stage in the process, it is however deemed to be good practice to present the accounts to Members before publication.

- 31 The audited statements are to be approved by this Committee and published by the 30th September 2023.
- 32 The legal implications surrounding the process of setting the 2022 to 2026 Medium-Term Financial Strategy were dealt with in the reports relating to that process.

*Section 151 Officer/Finance*

- 33 The Statement of Accounts summarises the financial activities of the Council for the preceding financial year and its position at the year end. It summarises the Council's income and expenditure, assets and liabilities, and its level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the authority. The Statement of Accounts is an important part of the Council's financial governance and stewardship arrangements.

*Policy*

- 34 There are no Policy implications.

*Equality, Diversity and Inclusion*

- 35 There are no Equality, Diversity or Inclusion Implications.

*Human Resources*

- 36 There are no Human Resources Implications.

*Risk Management*

- 37 The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices. Failure to do so could result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Council's reputation.

*Rural Communities*

- 38 There are no Rural Communities implications.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 39 There are no Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND) Implications.

*Public Health*40 *There are no Public Health implications*

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a> 01270 685876
Appendices:	Appendix 1 – Presentation - Summary Group Accounts 2022/23
Background Papers:	<a href="#">Statement of Accounts</a>

**Alex Thompson**  
**Director of Finance & Customer Services**

# 2022/23 Draft Statement of Accounts

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## Audit & Governance Committee

8th June 2023

# Changes to Deadlines

## The Accounts and Audit (Amendment) Regulations 2023

- The Accounts and Audit (Amendment) Regulations 2023 extend the statutory audit deadlines for 2022/23. The publication date for audited accounts has been extended from 31st July to 30th September 2023 for all local authority bodies.

# Important Dates

<b>June 1st</b>	Public Inspection (30 working days to 12 <sup>th</sup> July)
<b>June 8th</b>	Committee receive presentation on draft SOA
<b>July to September (TBC)</b>	Mazars on site for main audit
<b>September 28<sup>th</sup></b>	Committee receive audit findings and SOA.
<b>September 30<sup>th</sup></b>	Audited Statement of Accounts published

# Approving the Accounts

- The Group Accounts require the approval of the Audit & Governance Committee. Recommendations will be made at the Committee meeting on 28th September 2023.
- Each entity within the group also has a set of accounts that require approval, either by the Committee or a Company Board.
- The Cheshire East Group accounts are audited by Mazars LLP.
- The companies accounts are audited by Grant Thornton UK LLP.

# Cheshire East Group 2022/23

## Cheshire East Borough Council

### *Wholly owned companies*

CERF

Ansa Ltd

Orbitas Ltd

### *Other Companies*

Tatton Park  
Enterprises

Cheshire &  
Warrington  
Development  
Fund Ltd

Cheshire &  
Warrington  
LEP

Alderley  
Park Ltd

# Cheshire East Group

## Statement of Accounts 2022/23

### Supporting Narrative

- Overview of financial and operational performance.
- Includes achievements, risks and lots of facts and figures.

### Management Accounts headlines

- Group useable reserves increased by £0.9m to **£167.5m**
  - 91% of useable reserves have been earmarked
  - Revenue spending (including Covid-19 related) was **£318.7m**
  - Net overspend was **£6.0m**
  - General Fund Balance increased from £12.6m to £14.1m
  - Wholly Owned Companies spending was **£48.1m**
  - Wholly Owned Companies achieved a surplus of **£0.462m**

### Cheshire East Council make up 99% of the Group

# Cheshire East Borough Council – Management Accounts

- **£318.7m of Net revenue spending** supported services, a increase of £15.0m (5%) from 2022/23.
- **£282.1m of Council Tax and Business Rates** were managed through the Collection Fund.
- **£116.4m of Capital Spending** was completed.

# Cheshire East Group – 2022/23

Movement in reserves (£m)	Usable	Unusable	Total
<b>Opening Balance</b>	<b>166.9</b>	<b>229.3</b>	<b>396.2</b>
I & E Surplus/(Deficit)	(71.0)	671.1	600.1
I & E (Adjustments)	71.6	(71.6)	0.0
<b>Change</b>	<b>0.6</b>	<b>599.5</b>	<b>600.1</b>
<b>Closing Balance</b>	<b>167.5</b>	<b>828.8</b>	<b>996.3</b>

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Increases: pension liability, earmarked reserves;

# Cheshire East Group - 2022/23

Income & Expenditure (£m)	2021/22	2022/23
Cost of Services	393.5	448.1
Other Income & Expenditure	47.8	40.4
Taxation and Non-Specific Grant	(391.6)	(417.5)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>49.7</b>	<b>71.0</b>
Revaluation of Assets	(24.2)	(26.2)
Pension Liability	(206.9)	(644.9)
<b>Total I &amp; E (Surplus) or Deficit</b>	<b>(181.4)</b>	<b>(600.1)</b>

# Cheshire East Group – 2022/23

Balance Sheet (£m)	2021/22	2022/23
Long Term Assets	1,134.5	1,176.2
Current Assets	131.5	115.2
Current Liabilities	(323.6)	(347.4)
Long Term Liabilities	(546.1)	52.3
<b>Net Assets</b>	<b>396.3</b>	<b>996.3</b>
Usable Reserves	166.9	167.5
Unusable Reserves	229.4	828.8
<b>Total Reserves</b>	<b>396.3</b>	<b>996.3</b>

Positive impact: LT Investments; Short Term Debtors; Long term borrowing

Negative impact: Short term Creditors; Pensions Liability

# Cheshire East Group

Cashflow (£m)	2021/22	2022/23
Opening Balance – cash & cash equivalents	31.7	40.9
Closing Balance	40.8	28.6
Net Increase / (decrease) in cash & cash equivalents	9.1	(12.3)

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# What to do now....

## Members of the Committee should consider:

- Quality of the supporting narrative
- Relevance of the information provided
- Transparency of the accounts
- Engage with the Finance Team on any queries up to the Committee Date (28<sup>th</sup> September)

## The Finance Team will:

- Work with Mazars to complete the audit.
- Promote the public engagement opportunities
- Finalise the accounts based on feedback

OPEN

## **Audit and Governance Committee**

**8<sup>th</sup> June 2023**

### **Draft Pre-audited Financial Statements – Wholly Owned Companies 2022/23 and Out-turn Update 2022/23**

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**Report of:** Alex Thompson: Director of Finance and Customer Services

**Report Reference No:** AG/07/23-24

Ward(s) Affected: Not applicable

#### **Purpose of Report**

- 1 This report confirms that the Council's wholly owned companies (WOC's) will publish, on their websites, their pre-audit Summary Financial Statements for year ended 31st March 2023, alongside the Council's 2022/23 Group Financial Statements.
- 2 Information on the 2022/23 pre-audit Financial Statements for the WOC's will be presented to the committee. This step is taken to provide committee members with an early summary of the Company single entity accounts and whilst the Committee do not approve the Financial Statements it enables them to review in advance of any formal responsibility to approve the Council Group Accounts which these Financial Statements feed into.
- 3 This report provides members with the pre-audited overview of the Company Outturn for the financial year 2022/23. Members are being asked to note the financial performance of the Companies.

#### **Executive Summary**

- 4 This report outlines the timelines and processes for the pre-audited WOC's Financial Statements for 2022/23.

- 5 This report also provides Members with an overview of the Outturn position for the Companies for the financial year 2022/23.
- 6 The Companies will separately produce an Outturn Report for the year that reflects both financial and non-financial performance, this will be reported to the Finance Sub Committee in July 2023.

## RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note the summarised position of the WOC Financial Statements for year ended 31st March 2023 based on the presentation provided at this meeting and included in this report at Appendix 1.
2. Note the dates in relation to the approval process for the Financial Statements.
3. Recommend the setting up of informal session with the Council's Officers to allow Members of the committee the opportunity to discuss in more detail the Financial Statements.
4. Note the overall financial performance of the WOC's in the 2022/23 financial year, as contained within the Appendix 1, as follows:
  - (a) ASDV Reserves increased by £0.462m less £0.291m dividend from TSS to CEC, leaving retained reserves at £1.949m.
  - (b) A further final dividend of £0.106m is due to CEC from TSS in 2023/24.
  - (c) Wholly Owned Companies Net Core Contract Spending was £37.94m

## Background

- 7 The Company financial statements are prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 8 The financial statements for Ansa Environmental Services Ltd (Ansa) and Orbitas Bereavement Services Ltd (Orbitas) are prepared on a going concern basis and comply with the Companies Act 2006.

- 9 The financial statements for Transport Service Solutions Ltd (TSS) are prepared on a non-going concern basis. The TSS Director intends to liquidate the company within the next 12 months and transfer all assets and liabilities to Cheshire East Council (CEC).
  - 10 The CEC Group statements consolidate the accounts of: CEC and three wholly owned subsidiaries (Ansa, Orbitas and TSS). Although TSS ceased trading as at the 31 March 2022, there are residual consolidation transactions that have taken place in 2022/23 and have been included in the CEC Group Statements.
  - 11 This mirrors treatment of these organisations in 2021/22. The single entity statements for Ansa, Orbitas and TSS will be presented to the Company Boards for approval in October 2023 and will also be brought back to the Committee for noting in the Autumn 2023.
  - 12 The objective of the Financial Statements is to provide information about the WOC's financial performance that is useful to a wide range of interested parties including CEC as Shareholder. Its purpose is to give readers and stakeholders clear information about the Company finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Company net worth?
  - 13 Members are not required to approve the pre-audit company Financial Statements. However, the Director of Finance & Customer Services (Section 151 Officer) is providing the committee with an early indication of the key messages from these Financial Statements as part of the overall financial reporting for the Cheshire East Group and as Shareholder.
  - 14 A Summary Financial Statement document comprising of the Statement of Consolidated Income (Profit & Loss) and the Statements of Financial Position (Balance Sheet) will be published on the 1 June 2023 for each respective company on their website with a link to the CEC Group Accounts. Company Boards are responsible for approving the Financial Statements and ensuring that they are published at Companies House 9 months after the Accounting Date (31 March 2023), therefore on or before 31 December 2023.
  - 15 The final audited Financial Statements will also be presented to this Committee for noting in the Autumn 2023 along with a copy of the respective External Audit Reports.
- 2022/23 Out-turn
- 16 The core contract expenditure of Ansa and Orbitas, charged at cost to CEC in 2022/23 is £37.94m

- 17 Net (after tax) commercial profits of Ansa and Orbitas total £0.356m; adding to retained reserves, such that they now total £1.843m.
- 18 Although TSS ceased trading on 31 March 2022, there are residual transactions that have taken place in 2022/23 as part of winding down the company generating a £0.106m surplus. An interim dividend of £0.291m was paid in year to Cheshire East Council, a final dividend of £0.106m is due to be made in early 2023/24.

## **Consultation and Engagement**

- 19 The WOC Summary Financial Statements will be available on the company websites from 1<sup>st</sup> June 2023.

The WOC's are required to publish their audited Financial Statements at Companies House on or before 31st December (for Accounting periods ending 31 March). Accounts for each of the private companies within the Cheshire East Group will also be provided to Companies House as required.

(website: <https://www.gov.uk/government/organisations/companies-house>)

## **Implications and Comments**

### *Monitoring Officer/Legal*

- 20 The financial statements have been prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 21 The Financial Statements for Ansa and Orbitas have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial instruments and comply with the Companies Act 2006. The Financial Statements for Transport Service Solutions Ltd (TSS) are prepared on a non-going concern basis as the intention is to liquidate the company within the next 12 months and transfer all assets and liabilities to CEBC.
- 22 The Accounts and Audit (Amendment) Regulations 2022 statutory audit deadlines for 2022/23 state the publication date for audited accounts 31st May 2023 for all local authority bodies. As part of the Cheshire East Council Group, the Wholly Owned Companies (WOC's) are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.

- 23 The audited Financial Statements are to be approved by the Company Boards and published by the 31st December 2023 on Companies House.

*Section 151 Officer/Finance*

- 24 The Financial Statements summarise the financial activities of the Companies for the preceding financial year and their position at the year end. They summarise the Company turnover and expenditure, assets and liabilities, and the level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the company. The Financial Statements are an important part of Company and also Council Group financial governance and stewardship arrangements.

*Policy*

- 25 There are no Policy implications.

*Equality, Diversity and Inclusion*

- 26 There are no Equality, Diversity or Inclusion Implications.

*Human Resources*

- 27 There are no Human Resources Implications.

*Risk Management*

- 28 The financial statements have been prepared in accordance with Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006.
- 29 Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

Failure to prepare the financial statements as described above could result in a qualification of the accounts which may lead to further audit

costs in future as well as an adverse impact on the Company and Council reputation

*Rural Communities*

30 There are no Rural Communities implications.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

31 There are no Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND) Implications.

*Public Health*

32 There are no Public Health implications

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a> 01270 685876
Appendices:	Appendix 1 – Presentation - Summary Wholly Owned Company Financial Statements 2022/23
Background Papers:	None

**Alex Thompson**  
**Director of Finance & Customer Services**

# **2022/23 Draft Financial Statements Wholly Owned Companies**

**Audit & Governance Committee**

**8<sup>th</sup> June 2023**

# Changes to Deadlines

## The Accounts and Audit (Amendment) Regulations 2022

- The Accounts and Audit (Amendment) Regulations 2022 statutory audit deadlines for 2022/23 state the publication date for audited accounts 31st May to 30th September 2023 for all local authority bodies.
- As part of the Cheshire East Council Group, the Wholly Owned Companies (WOC's) are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.
- The WOC's are required to publish their audited Financial Statements at Companies House on or before 31<sup>st</sup> December (for Accounting periods ending 31 March).

# Important Dates

<b>June 1<sup>st</sup></b>	Summary Financial Statements on company websites
<b>June 8<sup>th</sup></b>	Committee receive presentation on draft Financial Statements – WOC's
<b>July (part) &amp; September</b>	Grant Thornton on site for main audit (Sept)
<b>October</b>	WOC Boards receive audit findings and Audited FS for Approval.
<b>Date TBC</b>	Committee receive audit findings and Audited Financial Statements for noting.
<b>On or before December 31<sup>st</sup></b>	Audited Financial Statements deadline to be published at Companies House

# Approving the Accounts

- The CEC Group Accounts require the approval of the Audit & Governance Committee.
- The wholly owned companies as entities within the CEC Group also have single entity accounts that require approval by the Company Board. Recommendations will be made at the October 2023 Board cycle.
- The Group of Companies accounts are audited by Grant Thornton UK LLP.

# WOC Single Entity Accounts Financial Statements 2022/23

## Strategic Report

- Overview of financial performance.
- Includes achievements, risks and lots of facts and figures.
- A separate Company led report on 2022-23 Operational Performance & Financial performance is to be provided to CLT and Finance Sub Committee by the Companies at the July 2023 Meeting.

## Management Accounts headlines

- The WOC out-turn performance is split between Core Services provided to CEC and Commercial activities.
- Core Services provided to CEC should operate on a net cost basis i.e. if the company is requested by the Council to provide additional services – then the company is paid by the Council for the additional services.
- Commercial Activities are subject to Corporation Tax and out-turn profits are retained 100% by the Company.
  - WOC Reserves increased by £0.462m less £0.291m dividend from TSS to CEC, leaving retained reserves at **£1.949m**.
  - Wholly Owned Companies Net Core Contract Spending was **£37.94m**

# Cheshire East Borough Council – WOC Out-turn Performance

Out-turn*	Ansa	Orbitas	TSS
Core Management Fee 2022/23	34,895	2,040	0
Additional Management Fee claimed in year	1,491	209	0
<b>Revised Management Fee 2022/23</b>	<b>36,386</b>	<b>2,249</b>	<b>0</b>
<b>Core Out-turn 2022/23</b>	<b>35,947</b>	<b>1,993</b>	<b>131*</b>
<b>Rebate to CEC / (Additional Cost to CEC)</b>	<b>439</b>	<b>256</b>	<b>25</b>
Core Out-turn – post rebate/Charge to CEC	0	0	106
<b>Commercial Out-turn after Tax</b>	<b>283</b>	<b>73</b>	<b>0</b>
<b>NET Profit retained by Company</b>	<b>283</b>	<b>73</b>	<b>106**</b>

\* (£131k) reflects impact of winding down residual 2021/22 entries in 2022/23

\*\* Final Dividend from TSS to CEC due in early 2023/24 £0.106m.

Additional Management Fee claims, reflected in CEC in year reporting are in respect of:

ANSA – Significant Inflation (Pay Award, Waste Contract Inflation) and Covid scarring (Change in habits)

Orbitas – Inflation (Pay & materials) plus Handyperson additional demand from Adult Social Care

# Cheshire East WOC's – 2022/23

Movement in reserves (£m)	Ansa	Orbitas	TSS	Total
<b>Opening Balance</b>	<b>1,101</b>	<b>386</b>	<b>291</b>	<b>1,778</b>
Dividend	-	-	(291)	(291)
In Year Profit	283	73	106	462
<b>Change</b>	<b>283</b>	<b>73</b>	<b>(185)</b>	<b>171</b>
<b>Closing Balance</b>	<b>1,384</b>	<b>459</b>	<b>106*</b>	<b>1,949</b>

\*Final Dividend from TSS to CEC £0.106m early 2023/24 after which retained company reserves will be £1.843m.

# Ansa Environmental Services Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	45,614	42,655
Cost of Sales	(38,888)	(35,053)
<b>Gross Profit or (Loss)</b>	<b>6,726</b>	<b>7,602</b>
Administration Costs	(6,354)	(7,413)
Other Operating Income/Expenditure (net)	82	2
<b>Net Operating Profit / (Loss)</b>	<b>454</b>	<b>191</b>
Interest Receivable / Payable (net)	(93)	(78)
Corporation Tax	(78)	(20)
<b>Net Profit</b>	<b>283</b>	<b>93</b>

# Ansa Environmental Services Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	5,661	3,621
Current Assets	8,106	9,025
Current Liabilities	(7,534)	(8,628)
Long Term Liabilities	(4,849)	(2,917)
<b>Net Assets</b>	<b>1,384</b>	<b>1,101</b>
Shareholdings	-	-
Retained Reserves	1,384	1,101
<b>Equity</b>	<b>1,384</b>	<b>1,101</b>

Positive impact: Fixed Assets (Finance Leases); Cash; Stocks Short Term Debtors  
 Negative impact: Short term Creditors; Long term creditors (Finance Leases)

# Orbitas Bereavement Services Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	2,502	1,996
Cost of Sales	(1,509)	(1,162)
<b>Gross Profit or (Loss)</b>	<b>993</b>	<b>834</b>
Administration Costs	(923)	(774)
Other Operating Income/Expenditure (net)	0	0
<b>Net Operating Profit / (Loss)</b>	<b>70</b>	<b>60</b>
Interest Receivable / Payable (net)	(1)	-
Corporation Tax	4	(15)
<b>Net Profit</b>	<b>73</b>	<b>45</b>

# Orbitas Bereavement Services Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	8	10
Current Assets	970	836
Current Liabilities	(519)	(460)
Long Term Liabilities	-	-
<b>Net Assets</b>	<b>459</b>	<b>386</b>
Shareholdings	-	-
Retained Reserves	459	386
<b>Equity</b>	<b>459</b>	<b>386</b>

Positive impact: Fixed Assets; Cash; Stocks; Short Term Debtors

Negative impact: Short term Creditors

# Transport Service Solutions Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	595	17,809
Cost of Sales	(499)	(16,908)
<b>Gross Profit or (Loss)</b>	<b>96</b>	<b>901</b>
Administration Costs	(13)	(957)
Other Operating Income/Expenditure (net)	-	-
<b>Net Operating Profit / (Loss)</b>	<b>83</b>	<b>(56)</b>
Interest Receivable / Payable (net)	-	-
Corporation Tax	23	(27)
<b>Net Profit</b>	<b>106</b>	<b>(83)</b>

# Transport Service Solutions Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	-	-
Current Assets	131	5,653
Current Liabilities	(25)	(5,362)
Long Term Liabilities	-	-
<b>Net Assets</b>	<b>106</b>	<b>291</b>
Shareholdings	-	-
Retained Reserves	106	291
<b>Equity</b>	<b>106</b>	<b>291</b>

Positive impact: Cash; Short Term Debtors

Negative impact: Short term Creditors

# What to do now....

## **Members of the Committee should consider:**

- Quality of the supporting narrative in the accounts
- Relevance of the information provided
- Transparency of the accounts
- Engage with the Finance Team on any queries up to the Committee Date

## **The Finance Team will:**

- Work with Grant Thornton and Mazars to complete the audit.
- Finalise the accounts based on feedback

**OPEN – Covering Report and Appendix 1**

**NOT FOR PUBLICATION – Appendix 2**

By virtue of paragraph 7 of Part 1 Schedule 1 of the Local Government Act 1972.

**Audit and Governance Committee**

**8<sup>th</sup> June 2023**

**Land Transactions – Internal Audit  
Review**

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**Report of: David Brown, Director of Governance and Compliance  
(Monitoring Officer)**

**Report Reference No: AG/02/23-24**

**Ward(s) Affected: All**

### **Purpose of Report**

- 1 This report provides Audit and Governance Committee with the findings and actions from the review of Land Transactions undertaken by Internal Audit (Appendix 1). The Committee, by receiving this internal audit report completes a requirement of the Public Interest Report as agreed by Council on 1 February 2023.

### **Executive Summary**

- 2 The public interest report provided three recommendations and a historical narrative related to procurement events in 2014/15. Council agreed the three recommendations of the report and agreed that Audit and Governance Committee will receive a further internal audit report to conclude the recommendation at 3.3(ii) in the Council report.
- 3 The Terms of Reference for the internal audit review of Land Transactions was shared with the Committee on 9 March 2023. The internal audit review has been completed, and a “Good Assurance” opinion has been provided. A copy of the internal audit report is provided as Appendix 1.
- 4 Appendix 2, which is a Part 2 item, provides a summary of the site-specific reviews originally undertaken by internal audit, and details of the current uses of these sites. This is provided as context for the Audit and Governance Committee members, and to demonstrate the

improvements in the control environment which both earlier, and the most recent internal audit reviews have demonstrated.

## RECOMMENDATIONS

The Audit and Governance is recommended to:

1. Receive the findings of the internal audit review on Land Transactions (Appendix 1) and note the "Good Assurance" opinion.
2. Determine whether, based on the findings of the review, there are further actions to be taken.

## Background

- 5 Grant Thornton provided a report in the public interest on historical matters relating to Cheshire East Council. This was published by Grant Thornton on 17 January 2023 and was considered by Council on 1 February. The external auditor's report made three recommendations to Council which were all accepted. Council agreed that Audit and Governance Committee will receive a further internal audit report to conclude the recommendation at 3.3(ii) in the Council report.

*The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6 of the public interest report), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report*

- 6 The specific matters referred to above relate to further assurance work being carried out by internal audit in relation to land transactions (acquisitions and disposals). This follows from the initial work carried out in the 2017/18 plan, which resulted in referrals to Cheshire Police being made in March 2018 and the qualification of the 2017/18 Value for Money opinion.
- 7 Grant Thornton set out in the Public Interest Report at paragraph 12.14, that they have not reported on the land transaction matters, as they considered the public interest to be served by using the procurement matter as an exemplar, but as set out in the recommendation, the issues need to be considered by the Council.
- 8 This review on land transactions has been undertaken to provide assurance that the findings and implemented actions from previous internal audit reviews, and changes made by the service have been

complied with, and to provide assurance on whether the processes now in operation would detect or deter non-compliance.

- 9 The internal audit review has provided a “Good Assurance” opinion, based on the testing completed. Internal audit use a standard set of opinions, and a “Good Assurance” is the most positive opinion provided. It means that;
- (a) controls are in place to mitigate against the risks identified in the terms of Reference.
  - (b) Testing has shown that controls are working effectively and consistently to ensure that key risks are well managed.
  - (c) No high-level recommendations have been made although there may be a small number at medium level. Some changes in the control environment may be beneficial to enhance performance and realise best practice.
- 10 No recommendations for further improvements have been made in this internal audit review, however the service have plans for further development and are focused on continuous reflection and improvement. Management have already invited internal audit to return to review arrangements again, likely to be in the 2024/25 internal audit plan.

### **Consultation and Engagement**

- 11 The terms of reference for the current assurance work, set out at Appendix A were drafted with input from Grant Thornton. A copy of the terms of reference have been provided to Mazars for information.

### **Reasons for Recommendations**

- 12 Receiving the report at Appendix 1 and 2 (Part 2), completes the responsibility given to the Audit and Governance Committee by Council, and completes the requirement of the Public Interest Report (see paragraph 5).

### **Other Options Considered**

- 13 No other options considered as this would represent a failure to implement the recommendations of the Public Interest Report as agreed by Council.

### **Implications and Comments**

*Monitoring Officer/Legal*

- 14 The requirements for the Council to respond to the Public Interest Report are set out in Schedule 7 of the Local Audit and Accountability Act 2014.
- 15 Under the provisions of the Act, the Council must decide if the report requires the authority to take any action and if the recommendations are accepted. The recommendations and responses are set out in the body of this report and after considering the report and the responses, Council must notify the external auditor of its decisions and publish a notice containing a summary of those decisions which has been approved by Grant Thornton.

*Section 151 Officer/Finance*

- 16 There are no direct financial implications arising from the recommendations of this report; Internal Audit resource had already been allocated within the 2022/23 plan for assurance work on land transactions, and a small amount of contingency from the 2023/24 plan will be used.
- 17 Additional cost could be incurred if further work is required by the current external auditors as a result of the Public Interest Report and its recommendations, and / or review of Internal Audit's work on land transactions highlighted above; no such indication has been made by Grant Thornton at the time of the report.

*Policy*

- 18 There are no direct implications arising from the recommendations of this report.

*Equality, Diversity and Inclusion*

- 19 There are no direct implications arising from the recommendations of this report.

*Human Resources*

- 20 There are no direct implications arising from the recommendations of this report.

*Risk Management*

- 21 The work carried out by Internal Audit provides positive assurance on the effectiveness of arrangements to manage risks identified in the terms of reference.

*Rural Communities*

- 22 There are no direct implications arising from the recommendations of this report.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 23 There are no direct implications arising from the recommendations of this report.

*Public Health*

- 24 There are no direct implications arising from the recommendations of this report.

*Climate Change*

- 25 There are no direct implications arising from the recommendations of this report.

<b>Access to Information</b>	
Contact Officer:	Josie Griffiths, Head of Audit and Risk josie.griffiths@cheshireeast.gov.uk
Appendices:	Appendix 1 Internal Audit Assurance Report – Review of Land Transactions  Appendix 2 Update on site specific reviews; <i>Appendix 2 contains exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 and is not for publication.</i>
Background Papers:	Public Interest Report - 17 January 2023 <a href="https://www.cheshireeast.gov.uk/pdf/council-and-democracy/council-finance-and-governance/public-interest-jan2023/cheshire-east-council-final-17-january-2023.pdf">https://www.cheshireeast.gov.uk/pdf/council-and-democracy/council-finance-and-governance/public-interest-jan2023/cheshire-east-council-final-17-january-2023.pdf</a>  Council papers and minutes – 1 February 2023 <a href="http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=239&amp;MIId=9701&amp;Ver=4">http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=239&amp;MIId=9701&amp;Ver=4</a>  Audit and Governance Committee, Public Interest Report – 9 March 2023 <a href="http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s101787/Report.pdf">http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s101787/Report.pdf</a>

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# Internal Audit – Assurance Report Review of Land Transactions

Report Status: Draft  
Report Date: 30 May 2023  
Prepared by: Audit Manager, Head of Audit and Risk

### **Distribution List – Draft and Final Report:**

- Andy Kehoe – Head of Estates
- Peter Skates - Director of Growth and Enterprise, and Interim Executive Director, Place
- Jane Traverse - Executive Director. Place
- David Brown, Director of Governance and Compliance (Monitoring Officer)
- Alex Thompson, Director of Finance and Customer Services (s151 Officer)
- Lorraine O'Donnell – Chief Executive

### **Final Report Owner:**

- Peter Skates - Director of Growth and Enterprise, and Interim Executive Director, Place
- Jane Traverse - Executive Director, Place
- Lorraine O'Donnell – Chief Executive

### **Version Control**

<b>Version Number</b>	<b>Date</b>	<b>Changes</b>
V1.0	16/05/2023	Draft report to Head of Audit & Risk for review
V1.1	18/05/2023	Amends made by Head of Audit and Risk
V1.2	22/05/2023	Further amends by Head of Audit and Risk
V1.3	26/05/2023	Amends for comments made from draft distribution list.
V1.4	30/05/2023	Final amendments in response to queries
Final	30/05/2023	Final version agreed

*Draft reports should not be shared with anyone outside of the distribution list without prior approval from the Audit Manager*

*Final reports should not be shared with anyone outside of the distribution list without prior approval from the Audit Manager and Final Report Owner.*

## 1. Background

- 1.1. In July 2017, Internal Audit began work on a review of the Council's arrangements for asset disposals and purchased. This review was part of the 2017/18 Internal Audit plan.
- 1.2. As work progressed, concerns around one specific site were identified, and the review scope was focused onto these issues. After a report on those issues was produced, the scope of the planned review was updated, with further sites/transactions identified for review after matters were raised following the departure of the former Leader of the Council, Cllr Michael Jones, and the suspension of senior officers.
- 1.3. As part of the initial programme of work, seven specific transactions/sites were examined, and detailed reports produced by Internal Audit for each. These sites were related to transactions which occurred under the leadership of Cllr Jones.
- 1.4. The reports were issued to the Chief Executive, Executive Director Place (Deputy Chief Executive), acting Monitoring Officer and Section 151 Officer. Having considered the findings of the reports, five of the sites were referred to the police for investigation by the Acting Chief Executive during 2018.
- 1.5. The Police then progressed their investigations, with the announcement from the Crown Prosecution Service and Cheshire Police in November 2021 that no further action would be taken. Details of the specific sites reviewed by Internal Audit, the concerns raised around them, and the current position in relation to these sites is provided in Appendix A.
- 1.6. The detailed, site-specific reviews initially carried out by Internal Audit identified serious control weaknesses in the Council's arrangements for managing the purchase and disposal of land assets. Given the nature of the police investigations it was not appropriate for Internal Audit to undertake further work on the specific sites or to issue the detailed reports outside of the initial distribution list as described above.
- 1.7. It was, however, vital that action was taken to mitigate the control weaknesses to ensure that the risk of further issues arising was addressed as a priority. To facilitate this, Internal Audit produced a Consolidated Findings Report that highlighted the weaknesses identified without identifying the specific sites that they were related to, thus safeguarding the integrity of the police investigations.
- 1.8. This report was published as final in August 2018. Actions arising from it were agreed and responsibility for ensuring

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their implementation was allocated to the Executive Director Place (Deputy Chief Executive).

- 1.9. Audit and Governance Committee were made aware of this work being carried out as part of the regular updates to the Committee on the Internal Audit plan. The Land Transaction concerns, and the actions in train to undertake required improvements were included within the Annual Governance Statements, approved by the Audit and Governance Committee, from 2016/17 onwards.
- 1.10. This included proposed actions to address the issues and updates on the latest position provided at both draft and final stages of subsequent Statements. These updates included confirmation that “The service has responded positively to the Consolidated Findings report produced by Internal Audit and significant progress has been reported to Corporate Leadership Team”.
- 1.11. Detailed follow up of progress against the implementation of the actions was also undertaken by Internal Audit during 2020 to seek assurance that the previously identified issues had been addressed and the overall control environment was sufficiently robust to mitigate the associated risks.

- 1.12. The final report published in November 2020 concluded that, overall, substantial progress had been made in addressing the risks identified in the initial audit report. A Satisfactory Assurance Opinion was provided.
- 1.13. Audit and Governance Committee received an update on this follow up work as part of the regular updates to the Committee on the Internal Audit plan.
- 1.14. In November 2021, the Crown Prosecution Service confirmed that they would take no further action on the site-specific land transaction referrals, and Cheshire Police announced that they would be taking no further action.
- 1.15. The Council’s previous External Auditors, Grant Thornton identified the referral to Cheshire Police as one of the items qualifying their Value for Money (VFM) opinion for a previous year of accounts. The external audit was qualified for two years relating to these and other governance issues, and Grant Thornton formally concluded that the council had inadequate arrangements in its leadership and governance.
- 1.16. In January 2023, following completion of its responsibilities in relation to the CoreFit issue, Grant Thornton published a Report in the Public Interest on the

impact of the Council’s culture and governance arrangements during 2014 – 2018.

- 1.17. Although the report dealt with the CoreFit issue as an exemplar of the failings identified, it recommended that:

*“The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report.”<sup>1</sup>*

- 1.18. Internal Audit has therefore undertaken additional work to seek assurance that appropriate controls are in place to mitigate the identified risks in relation to the sale and purchase of land.

## 2. Scope of Review and Risks Covered

- 2.1. This review sought assurance as to the effectiveness and operation of the policies, systems and procedures currently in place to manage and mitigate the following identified key risks, as agreed in the Terms of Reference for the Review, set out at Appendix C:

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<sup>1</sup> <https://www.cheshireeast.gov.uk/pdf/council-and-democracy/council-finance-and-governance/public-interest-jan2023/cheshire-east-council-final-17-january-2023.pdf>

**Risk 1:** There are insufficient strategy, guidance and procedures relating to land purchases and sales leading to unauthorised, incorrect, or unplanned decisions being taken resulting in financial losses or missed opportunities.

**Risk 2:** Weak/ineffective arrangements in place for the valuation of land leading to land being valued incorrectly resulting in a financial loss or a potential missed transaction.

**Risk 3:** Inadequate arrangements are in place for recording the transactions relating to the purchase, sale and value of land in the accounts leading to errors or misstatements in the financial statements.

- 2.2. Testing was undertaken on transactions generated in the 2020/21, 2021/21, and 2022/23 financial years; 4 transactions were subject to testing from a total of 18 which represents a 22% sample. An update on the latest position for each of the sites subject to detailed review in 2017 was also completed, and reported upon in Appendix A.

## 3. Key Findings and Recommended Actions

- 3.1. Full details of the findings are set out below for each of the identified risks.

***Risk 1: There are insufficient strategy, guidance and procedures relating to land purchases and sales leading to unauthorised, incorrect, or unplanned decisions being taken resulting in financial losses or missed opportunities.***

3.2. The Council's Constitution sets out that the Finance Sub-Committee has responsibility for:

- property transactions, including buying, selling and appropriation of land and property (including compulsory purchase where required)
- it also has responsibility for approving property transactions in excess of £2m.

3.3. Review of the agendas and minutes of the Finance Sub-Committee confirmed that they receive regular reports relating to the appropriation and selling of land and property, and the potential pipeline of further activity. Reports have been considered by the Finance Sub-Committee to date as follows

- In December 2021, covering 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2021.
- In June 2022, covering 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2022.
- In January 2023, covering 1<sup>st</sup> April 2022 to 30<sup>th</sup> September 2022.

3.4. The Constitution also sets out the following:

- The Economy and Growth Committee's responsibilities include "development and delivery of the Council's estates, land and physical assets policies".
- The Head of Estates is responsible for maintaining and regular reporting of an Asset Management Strategy.
- The Council's Asset Management Strategy sets out the vision, core values and objectives that form the context for the preparation of the Corporate Asset Management Plan and Service Asset Management Plans.

3.5. Review of the agendas and minutes of the Economy and Growth Committee confirmed that they receive regular reports in relation to matters associated with the development and delivery of the Council's estates, land and physical assets policies.

3.6. This included items such as consideration and approval to dispose of public space land, and progress updates in relation to ongoing matters including the Gypsy and Traveller site, Handforth Garden Village and the Royal Arcade.

3.7. In January 2023, the Committee received and approved the proposed Asset Management Plan 2022-2025. This was presented by the Head of Estates and included a paper setting out achievements during the period of the

previous plan. The previous Plan ran from 2015 to 2020 and production of the current plan was delayed as a result of the Covid-19 pandemic.

- 3.8. Although there is clearly a gap between the two plans, Economy and Growth Committee had received a report in November 2021 that set out the Council's Asset Management Plan Principles. The report provided context and increased the Committee's understanding of the process and approvals required in producing and adopting the new Plan.
- 3.9. The current plan covers three years rather than the normal five years to allow realignment with the normal cycle of planning, and to synchronise with the Carbon Management Strategy and the Corporate Plan. It is also linked to the Medium-Term Financial Strategy and this shorter period will provide an early opportunity to review and reconsider the Council's Land and Property needs in as the current economic situation evolves.
- 3.10. The Asset Management Plan identifies the key strategic policy and resource influences affecting the Council and sets out parameters for asset management over the medium term. Implementation of the Asset Management Plan is supported by regular reporting on progress.
- 3.11. The plan seeks to demonstrate efficient use of assets and that property is effectively managed and for purposes

which align with the corporate plan. The plan will be used to:

- help guide decisions making about capital investment decisions in Council property to support the Council objectives
- help identify land and property which is surplus to requirement for current purposes and help guide decisions about the future use of the land or property
- support decisions on acquisitions and disposals
- indicate where reviews will be required to ensure best use of assets in the future

- 3.12. Whilst the Asset Management Plan sets out the strategy for managing land and other physical assets, it is important that this is underpinned by good governance and robust management arrangements. This has not always been the case and was one of the reasons that the historic issues arose.
- 3.13. Since the detailed Internal Audit reviews in 2017 and the production of the Consolidated Findings Report, follow up work confirmed that significant progress had been made in implementing an effective system of control and governance in this area.
- 3.14. Key changes implemented in response to the audit report included the establishment of the Asset Management

- Board and Capital Programme Board, the development of procedures and a supporting checklist to formalise and ensure consistency in the application of processes followed in acquiring and disposing of land.
- 3.15. The current review has identified that these improvements in governance and control have continued and that there is a clear focus on transparency and effectiveness of decision making within the service.
- 3.16. The detailed follow up review undertaken in 2020 identified that these checklists were being used as an 'aide memoir' rather than a formal and documented part of the process. This has been revisited as part of this review, and since then, the Atrium document management system has been replaced with a bespoke case management system; "Concerto".
- 3.17. The Concerto system has been designed by the service and is based upon the previous checklists. This ensures that the appropriate steps are followed during acquisitions and disposals and that the relevant information is held securely in an accessible format.
- 3.18. At the time of the review, work was continuing to populate the system with current transactions and a target of 31 May 2023 had been set for the completion of this work. All new work is recorded on the system as it arises.
- 3.19. The system also facilitates management control of the work being undertaken within the service via a monthly highlight report. This report identifies all live cases, the responsible officer, targets, and outstanding actions and provides a structured overview for the service.
- 3.20. Further development of the system is also underway to include lease agreements. This will allow easier monitoring and produce automated reminders when milestones in the lease agreement are reached.
- 3.21. Historic transactions have not been transferred to the Concerto system and remain on secure network folders. A review of a sample of historic transactions identified that the folders were clearly organised and contained all the required documentation to support both the transaction and the associated decision-making process.
- 3.22. In addition to the structure imposed by the case management system, officers commented positively about the Officer Decision Record (ODR) process. They felt that it clearly sets out the information and documentation required to make informed and evidenced decisions and that this also provides a welcome additional robustness that was not always present.
- 3.23. Whilst it is clearly important to have operational procedures in place it is also vital that there is appropriate oversight and reporting of matters to senior management.

- 3.24. This function is undertaken primarily by Assets Board along with Capital Programme Board. Assets Board meets on a monthly basis and is chaired by the Executive Director, Place (currently chaired by the Director of Growth and Enterprise as Acting ED, Place). Membership includes representatives from across the Council including Estates, Children and Families, Legal Services, Finance, Regeneration, Housing, Cultural Economy, and Environment and Communities. It receives regular update reports on work in progress within the Estates service such as the disposals programme, pipeline projects, budget and associated financial pressures.
- 3.25. As part of the Internal Audit review, the February 2023 Assets Board was attended and it is pleasing to report that it was a well-managed meeting with constructive contributions from all parties, that provided robust challenge to the positions reported, with risks and mitigations discussed at length.
- 3.26. Testing was undertaken on a sample of 4 out of 18 (22%) transactions from the 2020/21, 2021/22, and 2022/23 financial years to ensure that each had followed the expected process and that all required approvals were in place and supported by appropriate evidence.
- 3.27. Each of the transactions were found to have been undertaken correctly and in accordance with agreed procedures.

***Risk 2: Weak/ineffective arrangements in place for the valuation of land leading to land being valued incorrectly resulting in a financial loss or a potential missed transaction.***

- 3.28. The Asset Management Strategy sets out clearly the requirement for the Council to meet its statutory responsibility under section 123 of the Local Government Act 1972 to achieve best price/consideration.
- 3.29. Weakness relating to the valuation of land and property identified in the 2017 reviews were found to have been addressed during the 2020 Internal Audit follow up work through the development of procedures and checklists to ensure that officers were acutely aware of the need to obtain appropriate valuations and that these are included within decision making processes.
- 3.30. This has continued through the development of the Concerto system as described earlier in this report.
- 3.31. All of the transactions tested as part of this review were found to have been subject to appropriate valuation processes.

***Risk 3: Inadequate arrangements are in place for recording the transactions relating to the purchase, sale and value of land in the accounts leading to errors or misstatements in the financial statements.***

- 3.32. The Concerto system forms a record of all current assets along with transactions that are in progress. This is supported by a SharePoint site that facilitates the sharing of documentation between the various services involved in land and property transactions such as Legal Services, Property Services and Finance.
- 3.33. With regards to the recording of transactions in the accounts, a senior finance officer sits on Assets Board to ensure that there is appropriate knowledge and engagement on current and planned transactions. This is achieved through regular review of the Disposals Programme and updates from individual projects where the acquisition of assets is required.
- 3.34. Processes are in place for the coding of transactions which is overseen by Finance to minimise the risk of monies/costs being allocated inappropriately.
- 3.35. It was noted during the review that the SharePoint site had been unavailable for a short period following migration to an updated version and that during this period, services were reliant on Legal Services emailing Completion Memos. This issue was resolved during the audit, and the normal arrangements have recommenced. Work is underway to ensure that the SharePoint site is updated with any documentation produced during this period.

## 4. Conclusion and Opinion

- 4.1. The review has concluded that the current arrangements in place to manage the acquisition and disposal of the Council's land and property assets are operating effectively and are appropriate to manage the risks associated with these operations.
- 4.2. There has been a continued improvement in the control environment since the last Internal Audit review was undertaken in 2020 and there is a drive within the management structure to continue in this positive trajectory.
- 4.3. It should be noted however, that in recent years the volume of transactions undertaken has been lower than was the case during the period that the historic issues arose. Whilst it is recognised that the controls in place now are significantly stronger than at that time, there remains a risk that an increase in demand on the service could lead to an erosion of these controls.
- 4.4. It should also be acknowledged that although there were significant control deficiencies at the time of the historic issues, they were also failures to follow due process and the Council's Constitution.
- 4.5. The culture of the Council at that time indicates collective behaviour that anticipated desired outcomes. The desire to achieve an anticipated outcome resulted in the

- acceptance of behaviour which modified safeguards to achieve that which had been anticipated.
- 4.6. Where systematic management override of control at a senior level within an organisation takes place, either from Officers or Members, this reflects poorly on the culture and often the only way for concerns to be raised is through a robust whistleblowing process.
- 4.7. As recognised in the Public Interest Report, significant steps have been taken by Cheshire East to create a positive and inclusive culture within the organisation where colleagues treat each other with respect and individuals feel empowered to call out negative behaviour. This is supported by an established whistleblowing policy that is in line with best practice and subject to regular review.
- 4.8. The current culture actively discourages deviation from due process through clear behavioural values, and this has been evident from discussion with officers as part of this audit review.
- 4.9. It is clear from the work undertaken that the management of land and property assets is now subject to far more stringent controls and monitoring, which, coupled with the organisational changes brought about by the cultural improvements would make it far more difficult for events to unfold in the manner they did.
- 4.10. The combination of these factors provides assurance that the same behaviours, and bypass of controls are less likely to occur and, if these behaviours reoccur, they are more likely to be identified and challenged.
- 4.11. However, that possibility should not be dismissed, and it should be recognised that regardless of how robust a control environment is within an organisation, the opportunity for senior managers to facilitate the override of control, for whatever reason, remains a risk.
- 4.12. As such it is essential that Cheshire East continues to operate an effective whistleblowing process that signposts whistleblowers to appropriate contacts outside of the Council should they feel unable to raise their concerns internally.
- 4.13. Internal Audit use a formal opinion system, details of which are given in Appendix B. Based upon the findings and actions raised, a **Good Assurance** opinion has been given.

#### **Good Assurance**

Controls are in place to mitigate against the risks identified in the terms of Reference. Testing has shown that controls are working effectively and consistently to ensure that key risks are well managed.

## Appendix B – Audit Opinion and Priority Rating for Individual Findings

### Audit Opinion

An overall opinion on the control environment will be given on completion of the audit work. This opinion relates **only** to those risks identified or systems tested. Where the audit opinion given is either limited or no assurance, consideration will be given to including those areas in the Annual Governance Statement.

There are four possible opinions: good assurance, satisfactory assurance, limited assurance, and no assurance.

The following table explains the various assurance levels in terms of the controls in place and how testing has shown them to be operating. It also gives an indication as to the priority rating of recommendations you might expect at each assurance level, although please note this is for guidance only as the final opinion lies at the discretion of the Auditor.

Assurance Level	Explanation
<b>Good Assurance</b>	Controls are in place to mitigate against the risks identified in the terms of Reference. Testing has shown that controls are working effectively and consistently to ensure that key risks are well managed. No high-level recommendations have been made although there may be a small number at medium level. Some changes in the control environment may be beneficial to enhance performance and realise best practice.
<b>Satisfactory Assurance</b>	Controls are adequate to address the risks identified in the terms of reference. Testing has shown that there are some inconsistencies in the application of the controls, and attention is needed to improve the effectiveness of these controls. Recommendations will normally be no higher than medium level.
<b>Limited Assurance</b>	Controls are either not designed to mitigate the risks identified in the terms of reference, or testing has shown there to be significant non-application of controls. There are likely to be a number of high priority recommendations and/or a large number at the medium level. Attention is needed to improve the quality and effectiveness of the control environment in order to ensure key risks can be managed well.
<b>No Assurance</b>	There is an absence of controls to mitigate against the risks identified in the terms of reference. The majority of recommendations made are high priority, and key risks are not being properly managed. Urgent attention is required by management to improve the control environment. This area may be considered for inclusion in the organisation's Annual Governance Statement. It may also be appropriate for this area to be included in the sections/directorate Risk Register, and for the action plan to address these fundamental weaknesses to become part of the Service Delivery Plan.

## Appendix C - Terms of Reference: Land Transactions Assurance Review

### 1. Background

1.1. During a planned audit review of the Council's arrangements for asset disposals and purchases which began in July 2017 as part of the 2017/18 Internal Audit plan, a report into specific issues around one specific site was produced. Further transactions were then identified for detailed review, and the scope of the planned work was updated after matters were raised following the departure of the former Leader, and the suspension of senior officers. Having made referrals to Cheshire Police in 2018, investigations were progressed by them.

1.2. As a result of the Internal Audit findings, and subsequent referrals, a consolidated report was issued, highlighting the main control issues which were identified within the individual reports. This was published as final in August 2018, Actions arising from this report were agreed and responsibility for ensuring that they were implemented was allocated to the Executive Director Place (Deputy Chief Executive). The Audit and Governance Committee received an update on this work as part of the regular updates to the Committee on the Internal Audit plan.

1.3. The Land Transaction concerns were included within the Annual Governance Statement from 2016/17 onwards. Detailed follow up of progress against the implementation of the actions was also undertaken by Internal Audit, and this concluded that overall, substantial progress had been made in addressing the risks identified in the initial audit report.

1.4. Further work was undertaken by Internal Audit to seek assurance that the previously identified issues had been addressed and the overall control environment was sufficiently robust to mitigate the associated risks. The final report was published in November 2020 with satisfactory assurance provided. The Audit and Governance Committee received an update on this work as part of the regular updates to the Committee on the Internal Audit plan.

1.5. In November 2021, the Crown Prosecution Service confirmed that they would take no further action on the land transaction referrals, and Cheshire Police announced that they would be taking no further action.

1.6. The Council's previous External Auditors, Grant Thornton identified the referral to Cheshire Police as one of the items qualifying their Value for Money

## Appendix C - Terms of Reference: Land Transactions Assurance Review

(VFM) opinion for a previous year of accounts. The external audit was qualified for two years relating to these and other governance issues, and Grant Thornton formally concluded that the Council had inadequate arrangements in its leadership and governance.

- 1.7. Grant Thornton have endorsed the completion of this piece of assurance work as a recommendation of their Public Interest Report.

### 2. Objective

- 2.1. To undertake a review of recent land transactions (acquisitions and disposals) and provide assurance that the findings and implemented actions from previous Internal Audit work, and changes made by the service have been complied with. This review will also provide assurance on whether the processes now in operation would detect or deter non-compliance.

### 3. Scope

- 3.1. The review will cover the effectiveness and operation of the policies, systems and procedures put in place following the previous audit reviews. Testing of current procedures will be focused on transactions

generated within the 2020/21 and 2021/22 financial years.

- 3.2. The review will provide assurance on the effectiveness of arrangements to manage the following risks:

- 3.2.1. **Risk 1:** There are insufficient strategy, guidance and procedures relating to land purchases and sales leading to unauthorised, incorrect, or unplanned decisions being taken resulting in financial losses or missed opportunities.

- 3.2.2. **Risk 2:** Weak/ineffective arrangements in place for the valuation of land leading to land being valued incorrectly resulting in a financial loss or a potential missed transaction.

- 3.2.3. **Risk 3:** Inadequate arrangements are in place for recording the transactions relating to the purchase, sale and value of land in the accounts leading to errors or misstatements in the financial statements.

- 3.3. Finally, the review will identify the latest position in relation to sites previously subject to review by Internal Audit.

## Appendix C - Terms of Reference: Land Transactions Assurance Review

### 4. Approach and Deliverables

4.1. The review will need to be conducted in such a way as to comply with the Public Sector Internal Audit Standards and ensure conclusions are evidence based.

4.2. Principal activities are expected to include a review of available documentation in relation to the transaction, discussion with relevant individuals (where possible to do so) and testing of compliance with the controls in place at the time of the transaction and testing against the current control environment.

4.3. The results of the review will be presented in a report, including:

4.3.1. the findings of this review

4.3.2. levels of assurance provided by the controls in operation (at the time, and currently); this will include the outcome of testing to establish any areas where controls were overridden by management, or where management's approach and attitude to management controls was non-compliant, as well as

reviewing the effectiveness of the design of the controls.

4.3.3. recommended actions for management to consider in further improving the control environment.

4.4. The outcome of this report will be considered in the public domain in order to meet the requirements of the Public Interest Report recommendation that

*The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6 of the public interest report), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report*

4.5. Careful consideration will be needed in the drafting of this report to provide a balance between transparency between issues being identified and meeting the Council's statutory requirements for example under the Data Protection Act 2018 and the General Data Protection Regulations.

## Appendix C - Terms of Reference: Land Transactions Assurance Review

### 5. Timescales

5.1. The intention is to complete the review fieldwork, produce the report and agree any management actions, for the report to then be considered the Audit and Governance Committee.

### 6. Agreement, management responses and points of contact

6.1. The Council's Chief Executive, Executive Director of Place, Director of Governance and Compliance, and Director of Finance and Customer Services provided agreement to this brief, following consultation with Grant Thornton.

6.2. Management responses for any actions identified in the internal report, and to any recommendations arising from the external auditor's work will be

provided by the relevant CLT member in agreement with the Chief Executive.

6.3. The point of contact for the review will be the Head of Audit and Risk and the review will be undertaken by the acting Internal Audit Manager.

#### **Declaration:**

*Staff within the Internal Audit function have appropriate regard to the services' Code of Ethics, which is consistent with the requirements of the Public Sector Internal Audit Standards.*

*In order to ensure that the independency of Internal Audit is continually maintained, those involved in conducting this review confirm that there are no potential conflicts of interest in carrying out this assurance work, and that no operational roles have been held in relation to this area over the last 12 months.*

**OPEN FOR PUBLICATION**

## **Audit and Governance Committee**

**8 June 2023**

### **External Auditor Fee Variation Proposal (Grant Thornton)**

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**Report of: Alex Thompson, Director of Finance and Customer Services**

**Report Reference No: AG/16/23-24**

**Ward(s) Affected: None**

#### **Purpose of Report**

- 1 The Committee are being asked to note the proposed fee variation from Grant Thornton UK LLP in respect of their work to produce a Public Interest Report. The Committee are also asked to note the next steps in the process that are required before a final invoice can be issued.

#### **Executive Summary**

- 2 Grant Thornton UK LLP have proposed a fee variation of £319,370 for work on the Cheshire East Council Report in the Public Interest on the impact of the Council's culture and governance arrangements during 2014 – 2018, dated 17 January 2023. Full Council debated the report at their meeting of 1 February 2023.
- 3 The process for fee variations in these circumstances is set by Public Sector Audit Appointments Ltd (PSAA) (guidance dated April 2021, updated January 2023). To date the proposal has been issued and acknowledged by the Council. This report informs 'those charged with governance' (being the Audit and Governance Committee) of the proposal.
- 4 The next steps in the process require Grant Thornton UK LLP to submit the proposal to PSAA for review. The review will include analysis of the detail of the proposal and may require further engagement with the

Chief Finance Officer. Following the review PSAA will notify the audited body (Cheshire East Council) of their determinations.

#### RECOMMENDATIONS

The Audit and Governance committee is recommended to:

1. Note the proposed audit fee variation of £319,370 from Grant Thornton UK LLP for work on the Cheshire East Council Report in the Public Interest on the impact of the Council's culture and governance arrangements during 2014 – 2018
2. Note the process to review fee variations set by Public Sector Audit Appointments Ltd (Appendix 1)

#### Background

- 5 Grant Thornton UK LLP was the appointed external auditor to Cheshire East Council (the "Council") for the financial years 2012/13 through to 2017/18. The Cheshire East Council Report in the Public Interest on the impact of the Council's culture and governance arrangements during 2014 – 2018 represented the conclusion of its work on the audits for those years. The Public Interest Report was published under section 24 and Schedule 7 of the latter Act.
- 6 The issues reported concerned the culture at the Council, the role and conduct of Michael Jones, the former Leader, and a particular set of events around a procurement involving a local company. It used the procurement issues as reflecting broader cultural and governance issues prevalent at the Council at that time. The audit inquiries were delayed by an investigation by Cheshire Police starting in late 2015. At that point, all internal and external audit work relating to this issue had to be suspended. Four years later, in mid-2020 the police announced it was not intending to bring any prosecutions.
- 7 After the announcement by the Police in 2020 Grant Thornton resumed its work to complete its formal audit duties for reporting on the years of account. It is this work which has led to the issuing of this Public Interest Report. The associated costs of this work has led to the proposed fee variation.
- 8 PSAA Ltd is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme such as Cheshire East Council. PSAA have also set

out a Fee Variation Process that will now be followed. This will lead to a PSAA officer making a determination on the proposed fee.

- 9 Appendix 1 provides the full process and is extracted from the PSAA website. It is attached to this report to provide full transparency of the next steps. The next immediate step requires Grant Thornton to submit their proposal to PSAA for review. Timescales are not clear at this stage, but any relevant communication will be brought to the attention of the Committee as necessary.

### **Consultation and Engagement**

- 10 The process to determine the final value of the fee variation is set by PSAA Ltd. During the process to review the proposed fee variation PSAA may engage the Council, usually via the s.151 Officer (the Director of Finance and Customer Services). There is not further scope for consultation in respect of the recommendations of this report.

### **Reasons for Recommendations**

- 11 The Audit Committee fulfils the role of the those charged with governance (TCWG) for Cheshire East Council. Part of the process for reviewing audit fee variations requires those charged with governance to be notified of the proposed fee variation. This report fulfils that requirement but can only ask the Committee to note the proposal at this stage.

### **Other Options Considered**

- 12 No other options have been considered. The process outlined within this report has been set by Public Sector Audit Appointments Ltd.

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 13 The recommendations do not present any legal implications.

#### *Section 151 Officer/Finance*

- 14 Costs of the fee variation are payable by the Council. The 2022/23 accounts have been completed with the inclusion of an accrual for the proposed fee of £319,370. This reflects that the activity related to these costs was completed in 2022/23, even though the value of the proposal was not notified to the Council until May 2023.
- 15 The Corporate Directorate Earmarked Reserve has been reduced to reflect the accrual. If the review process leads to any variation of the proposal this will be reflected in the balance of this reserve in the first

instance. This approach therefore means there is no immediate impact on the 2023/24 budget.

*Policy*

16 The recommendations relate to a proposed fee variation and do not present any policy implications.

*Equality, Diversity and Inclusion*

17 No impact

*Human Resources*

18 No impact.

*Risk Management*

19 No Impact

*Rural Communities*

20 No impact

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

21 No impact

*Public Health*

22 No impact.

*Climate Change*

23 No impact.

<b>Access to Information</b>	
Contact Officer:	Alex Thompson, Director of Finance and Customer Services  <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a>
Appendices:	Appendix 1: Fee-variation-process-note-updated-January-2023  Link: <a href="#">Fee variation process – PSAA</a>

Background Papers:	None
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## **Fee variation process**

### **Outline of the process as of April 2021 (updated January 2023)**

#### **Introduction to fee variations**

PSAA sets the audit fee scale for opted-in bodies annually and publishes the scale fee for each individual audited body. If the auditor subsequently considers that additional work is required that is not provided for in the scale fee for an individual body, a fee variation proposal can be submitted to PSAA. This is set out in the statutory framework for audit fees and variations, in the Local Audit (Appointing Person) Regulations 2015 ('the Regulations'). Regulation 17(2) provides for the auditor to propose to PSAA (as the Appointing Person) that fees should be varied where the work involved in a particular audit was substantially more or less than envisaged by the appropriate scale.

The reasons for submitting fee variation proposals vary. Examples of reasons given include:

- Increased regulator challenge on audit quality resulting in the need for additional work to provide greater assurance on areas such as property, plant and equipment valuations and pension valuations;
- Changes in audit requirements once the fee scale for an audit year has been set;
- technical accounting issues;
- group accounts;
- the auditor has received an objection from an elector; or
- the working papers to support the annual accounts were of a poorer quality than in previous years.

Auditors are obliged to have local discussions with individual opted-in bodies about any proposed fee variations. These discussions should take place at the earliest opportunity, and wherever possible the auditors should highlight to the audited body at the planning stage any additional work which is likely to be required during the audit, including potential fee implications. While it may not be possible to quantify the proposed fee until the work is done, early discussion can help to avoid misunderstandings at a later stage.

#### **Fee variation submission**

PSAA provides standard fee variation forms for the audit firms to complete cyclically. The form is prepopulated with information such as the scale fee, engagement lead, body type. The cells are protected which prevents firms from changing the prepopulated fields. Auditors are required to:

- state the date the fee variation was agreed with the audited body (or record that it has not been agreed);
- state the date the fee variation was or will be reported to those charged with governance (TCWG);
- confirm whether this fee variation proposal includes recurring additional work;
- provide narrative and supporting documents to explain the fee variation proposal, including why the work was needed and what work was undertaken;

- enter the number of hours that the additional work has taken to complete. This is split across the different staff levels that have been used in line with the rate card – Partner, Senior Manager, Senior Auditor and other staff;

Firms submit fee variation forms and supporting documents to PSAA using secure transfer facilities. The Regulations require that PSAA review fee variation requests once the work is complete.

## **Review process**

A PSAA officer reviews the fee variation proposals submitted, including some or all of the following as applicable:

- confirming that the fee variation form has been filled in correctly;
- considering the value of the fee variation and its size relative to other similar fee variations;
- comparing the size of the fee variation to the scale fee to consider whether it is proportionate in context;
- reviewing the justification (including any supporting workings/documents) provided by the firm to support the fee variation proposal and assessing whether the complexity of the issue and the challenges described are in proportion to the fee variation submitted;
- checking that the work performed meets the requirements as set down in regulations for a fee variation, for example, it is work required under the Code of Audit Practice;
- confirming that the work detailed in the firm's justification is consistent with PSAA's other records, for example, a delay in the issue of an accounts opinion, statement of reasons issued;
- exercising judgement when considering the grade mix used and hours taken (for example, do they appear reasonable?);
- considering any specific outputs resulting from the additional work undertaken;
- checking whether the audited body has agreed the fee variation proposal. In the case of claims that are not agreed, we make contact with the audited body (where possible, the Section 151 officer) to hear the body's concerns so that we can take them into consideration when we make the fee determination;
- checking that the relevant issues raised in the firm's justification have been reported to TCWG (for example the ISA260 report or Auditor's Annual Report);
- checking that the appropriate fee variation value is being reported for example in the Audit Plan, ISA260 or Auditor's Annual Report;
- for high value and complex fee variations the following may also be undertaken:
  - a PSAA officer will contact the body (normally s151 officer or Director of Finance) to provide an opportunity to discuss the variation;
  - PSAA officers may have a meeting with the firm's audit team and perform a review of the audit file to obtain a better understanding of the additional work;
- reviewing whether any approved fee variation is one-off or recurring, to assess whether it relates to additional audit work that will be repeated in future audits (for example, pension fund valuations, PPE valuations, group accounts, increased

challenge on audit quality, public interest entity, PFI). Where we are satisfied that the fee variation is recurring, we will aim to include it in the scale fee at the earliest opportunity, following consultation. The requirements for setting the fee scale are set out in the Appointing Person regulations.

### Review process final stages

A PSAA officer will consider all the information and explanations provided then draft comments (taking advice as appropriate) on the proposed fee variation and either make a determination on the fee variation or make a proposal as to the status of the variation selecting from the following options:

Option	Description
Agree	No issues identified from the checks performed, we can agree the variation proposal.
Agree lower	Although we accept that additional work is needed, in our view there is insufficient acknowledgement that some of the work detailed could have been done more efficiently or that some of it is covered by the scale fee.
Agree higher	No issues identified from the checks performed, however, we believe that the fee variation proposal submitted is not sufficient to cover the additional work detailed.
Rejected	The work detailed is covered by the scale fee or was not required (occasionally we find that the auditor has submitted a fee variation proposal for work that does not relate to their responsibilities under the Code).
More information required	We need further information to help us understand the fee variation proposal submitted. This is normally a more detailed breakdown of the work performed, or a report to confirm that any matters raised have been reported to TCWG.
Being considered	We may need to speak to a body about a fee variation proposal (for example because it has not been agreed).
Deferred	The fee variation is at too early a stage for us to be able to make a decision (for example we are waiting for some further examples so that we can compare).
Withdrawn	A firm confirms that a fee variation is no longer required.

A Senior PSAA officer then reviews the proposed determination on each fee variation.

A PSAA officer sends the updated forms to the firms using the secure transfer facility.

Once our considerations have been completed, we write to audited bodies to notify them about our fee determinations and provide a summary of fee variation proposals we have approved.

Firms can invoice the body once the fee variation is determined by PSAA.

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**Work Programme – Audit and Governance Committee – 2023/24**

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
AG/04/23-24	8 Jun 2023	Draft Statement of Accounts 2022/23	To receive the pre audited Statement of Accounts 2022/23.	Alex Thompson		No	Yes	Open	No
AG/02/23-24	8 Jun 2023	Land Transactions - Internal Audit Review	To receive the findings and actions arising from the review of Land Transactions being undertaken by Internal Audit.	Director of Governance and Compliance (Monitoring Officer)		N/A	N/A	Open	No
AG/24/21-22	8 Jun 2023	Work Programme	To consider the Committees Work Programme.	Executive Director Corporate Services				Ensure that there is transparency in all aspects of council decision making	
AG/16/21-22	8 Jun 2023	External Audit Update - Value For Money Report	To receive the Value for Money report from the External Auditors in relation to the Statement of Accounts.	Director of Finance and Customer Services (s151 Officer)				Ensure that there is transparency in all aspects of council decision making	
AG/01/23-24	8 Jun 2023	CIPFA Review of the Audit and Governance Committee - Outcomes and Recommendations	To receive the outcome and recommendations following the review of the Audit and Governance Committee against the 2022 CIPFA Guidance on Audit Committees.	Director of Governance and Compliance (Monitoring Officer)		N/A	N/A	Open	No
AG/07/23-24	8 Jun 2023	Companies Draft Audited Finance Statements 2022/2023	To present the draft financial statements of ANSA Environmental Services Ltd and Orbitas Bereavement Services Ltd for the year 2022/23.	Alex Thompson		N/A	N/A	Open	No

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AG/28/21-22	27 Jul 2023	Draft Conflict of Interest Policy	To consider the Draft Conflict of Interest Policy following the adoption of the Code of Conduct.	Director of Governance and Compliance (Monitoring Officer)		TBC	TBC	Ensure that there is transparency in all aspects of council decision making	No
AG/08/23-24	27 Jul 2023	Annual Procurement Update	To update the committee on procurement activity during the previous financial year.	Alex Thompson		N/A	N/A	Open	Yes
AG/15/23-24	27 Jul 2023	Annual Complaints Report 2022/23	To provide an update on complaints and customer contact for the period 1st April to 31st March and to provide assurance that actions arising from complaints and improvements identified are being actioned			N/A	N/A	Open	
AG/13/23-24	27 Jul 2023	Annual Internal Audit Opinion 2022/23	To consider details of the work undertaken by Internal Audit during 2022/23 and how this contributes to the Annual Opinion on the Council's control environment.	Alex Thompson		N/A	N/A	Open	
AG/14/23-24	27 Jul 2023	Annual Monitoring Officer Report 2022/23	To consider the assurances outlined within the Annual Monitoring Officer Report, on key aspects of the Monitoring Officer's responsibilities over the previous financial year; this includes Information Governance, Code of Conduct, Member Training and Development, Declarations of Interest and Gifts and Hospitality.	David Brown		N/A	N/A	Open	
AG/11/23-24	27 Jul 2023	Annual Risk Management Report 2022/23	To consider the Annual Risk Management Report for 2022/23.	Alex Thompson		N/A	N/A	Open	
AG/10/23-24	27 Jul 2023	Draft Annual Governance Statement 2022/23	To receive the draft Annual Governance Statement (AGS) for 2022/23.	Alex Thompson		N/A	N/A	Open	

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AG/11/23-24	27 Jul 2023	RIPA Policy and Inspection Plan Update	To provide an update on the implementation of actions from the RIPA Inspection in November 2022, and receive the updated policy and procedures.	Alex Thompson		N/A	N/A	Open	
AG/09/23-24	27 Jul 2023	Information Governance Update Report	To provide an update on the Council's Information Assurance and Data Management (IADM) programme and outlines key aspects of the programme to assure the Committee that information continues to be treated and managed as a valued asset, with on-going measures to protect it in line with compliance and leverage it where possible to support enhanced service delivery and optimise business benefit.	Alex Thompson		N/A	N/A	Open	
AG/05/23-24	28 Sep 2023	Final Statement of Accounts 2022/23	To receive the final version of the Statement of Accounts 2022/23.	Alex Thompson		No	Yes	Open	No
AG/06/23-24	28 Sep 2023	Companies Audited Finance Statements 2022/23	To receive the draft financial statements of Ansa Environmental Services Ltd and Orbitas Bereavement Services Ltd for the year 2022/23.	Alex Thompson		No	Yes	Green	N/A
AG/36/21-22	28 Sep 2023	Final Annual Governance Statement 2022-2023	Update on actions to improve governance arrangements and respond to emerging issues identified in the 2021/22 Annual Governance Statement. Proposed process for the production of the 2022/23 Annual Governance Statement.	Director of Governance and Compliance (Monitoring Officer)				Ensure that there is transparency in all aspects of council decision making	

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AG/43/21-22	7 Dec 2023	Audit & Governance Committee Self-Assessment	To approve the adoption of the new CIPFA Code and the annual self-assessment.	Director of Governance and Compliance (Monitoring Officer)				Ensure that there is transparency in all aspects of council decision making	
AG/02/22-23	7 Dec 2023	Customer Experience Evaluation Report (Consultation and Engagement)	As requested by the Committee, to receive an evaluation report outlining the implementation progress of the last 12-18 months on the new approach to consultation and engagement (July 2022) the draft Action Plan and the outcomes of the work, including the toolkit and programme of activities.	Director of Policy and Change	N/A	N/A	N/A	Ensure that there is transparency in all aspects of council decision making	N/A

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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