

Public Document Pack

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.

RESOLVED:

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)