

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Wednesday, 17th November, 2010 at Committee Suite 2/3 -
Westfields, Middlewich Road, Sandbach, CW11 1HZ

PRESENT

Councillor M J Simon (Chairman)

Councillors E Alcock, S Conquest, B H Dykes, J Hammond, M Hardy and
M Lloyd

APOLOGIES

Councillors A Kolker (owing to Council Business)

OFFICERS

Joanne Butler, Risk and Business Continuity Officer
Carol Jones, Democratic Services Officer
Ross McCormick, Legal Services
Vivienne Quayle, Head of Policy and Performance
Jon Robinson, Internal Audit Manager
Sandra Smith, Compliance Unit Manager
Neil Taylor, Internal Audit Manager
Joanne Wilcox, Corporate Finance Lead

ALSO IN ATTENDANCE

Andrea Casting, Audit Commission
Judith Tench, Audit Commission

17 DECLARATIONS OF INTEREST

No declarations of interest were made.

18 PUBLIC SPEAKING TIME/OPEN SESSION

In accordance with Procedure Rules Nos. 11 and 35, a total period of 10 minutes was allocated for members of the public to address the Committee on any matter relevant to its work, or to ask questions.

There were no questions from members of the public and the Committee proceeded to its next business.

19 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the Minutes of the Meeting held on 30 September 2010 be approved as a correct record.

20 FINAL ACCOUNTS MEMORANDUM

The Audit Commission had presented its audit findings to the Committee meeting held on 30 September 2010 at which time it issued an unqualified opinion.

The Committee now received the Final Accounts Memorandum which identified action points for Officers and Members to consider for the preparation of the 2010-2011 financial statements. These included –

- The qualitative issues reported in the Annual Governance Report;
- Opportunities for strengthening controls and procedures; and
- Action in respect of known risk areas for the 2010-2011 accounts.

Judith Tench and Andrea Castling (Audit Commission) were in attendance and spoke to the report, highlighting key issues.

The Committee was asked to note an increase in the audit fee as set out in paragraphs 8 and 9 of the Memorandum. The original fee for the audit which had been set at £402,925 in April 2009 had been based on certain assumptions. In the event, additional work had been carried out and the Audit Commission was raising an additional fee in the order of £13,650. The reasons for the increase and the level of fee had been discussed and agreed with the Borough Treasurer. The report gave details of the additional work undertaken.

In response to a Member's question about the possibility of comparison with other authorities; for example, Cheshire West and Chester, the Committee was informed that comparisons with other authorities were not helpful in terms of bench-marking. A more meaningful measure would be for Members to consider progress against the Authority's management accounts reported to Cabinet on 19th July 2010 in the Final Outturn report.

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Following comments, it was AGREED that Officers provide more detailed information under separate cover for Members of the Committee.

At the January meeting, a detailed Audit Plan would be submitted, together with a further update.

RESOLVED:

1. That the Final Accounts Memorandum for 2009-2010 be received; and
2. That the audit fee, as set out in paragraphs 8 and 9 of the Memorandum, be noted.

21 CODE OF CORPORATE GOVERNANCE

The Committee considered the joint report of the Head of Internal Audit and Compliance and the Borough Solicitor.

The report sought approval for the Code of Corporate Governance which had been revised to take account of the Chartered Institute of Public Finance and Accountancy (CIPFA)'s *'Application Note to Delivering Good Governance in Local Government: a Framework'*

In order to implement the recommendations contained within the Application Note, the Council's Code of Corporate Governance had been revised to include additional/expanded governance requirements. The Committee noted that the Application Note was intended to be a temporary measure only which would operate for the financial years 2009/10 and 2010/11 during which time a full review of the CIPFA/SOLACE Framework, including consultation would be carried out.

RESOLVED:

That the Code of Corporate Governance be adopted and used as a basis for self-assessment, continuous improvement and as a contributor to producing the Annual Governance Statement.

22 ANNUAL GOVERNANCE STATEMENT 2010-2011

The Committee considered the joint report of the Head of Internal Audit and Compliance and the Borough Treasurer which recommended a process for the completion of the Annual Governance Statement for 2010/11 in accordance with best practice.

The Accounts and Audit Regulations 2003 (as amended) required the Council to produce an Annual Governance Statement (AGS). It was acknowledged to be good practice to agree in advance with Members, the process for its production. Members of the Committee had been briefed on the AGS process on 16 June 2010 and the report submitted built on that in advance of the year end.

RESOLVED:

That the process for the production of the 2010/11 Annual Governance Statement be endorsed.

23 RISK MANAGEMENT UPDATE REPORT - KEY CORPORATE RISKS

The Committee considered the report of the Head of Policy and Performance which provided an update on the risk management framework of the Council and its Key Corporate Risks.

Given the context of developments in the public sector, the current economic climate and the Council's need to deliver local priorities within the limits of available funding, risk management had gained an increased profile. It was important for the Council to be able to demonstrate that effective risk management processes were in place.

The report submitted identified 14 Key Corporate Risks which may adversely, or beneficially, affect the Council's ability to achieve its corporate objectives. These had been identified by the Corporate Management Team at a workshop held on 19 October 2020. The Team was of the view that if unmanaged, these could prevent the Council from achieving its strategic aims and/or operating its business. As a result of discussion of the risks at that meeting, a new corporate risk (risk 15) in relation to the external environment and government reviews had also been suggested for inclusion.

RESOLVED:

That, in respect of the Key Corporate Risks, the approach outlined in the report, together with the identified actions in place to mitigate the risks, be commended to Cabinet at its meeting to be held on 20 December 2010.

24 INTERNAL AUDIT - TERMS OF REFERENCE

The Committee considered the report of the Head of Internal Audit and Compliance which informed Members of the Terms of Reference for the Internal Audit function at Cheshire East Council. The Terms of Reference which formally defined the purpose, authority and responsibility of Internal Audit had been approved by the Governance and Constitution Committee in June 2009.

RESOLVED:

- 1 That the Committee note the content of the Terms of Reference for the Internal Audit function at Cheshire East Council as set out in the report; and
- 2 That it be noted that the Terms of Reference would be amended following the publication of CIPFA's document *The Role of the Head of Internal Audit in Public Service Organisations*.

25 INTERNAL AUDIT STRATEGY

The Committee considered the report of the Head of Internal Audit and Compliance which informed Members of the content of the Internal Audit Strategy.

All principal local authorities subject to the Accounts and Audit Regulations 2003 (as amended) must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom. The Strategy, which had been approved by the Governance and Constitution Committee in September 2009, was a high-level statement of how the internal audit service would be delivered and developed in accordance with the terms of reference and how it linked to organisational objectives and priorities.

RESOLVED:

- 1 That the content of the Internal Audit Strategy be noted; and
- 2 That it be noted that the Strategy would be amended following the publication of CIPFA's document *The Role of the Head of Internal Audit in Public Service Organisations*.

26 WHISTLEBLOWING POLICY

The Committee considered the report of the Head of Internal Audit and Compliance which highlighted a number of proposed changes to the Whistleblowing Protocol.

The Protocol had been reviewed against the *Whistleblowing Arrangements Code of Practice Publicly Available Specification 1998:2008* to ensure that it remained current, relevant, and reflected best practice.

The Protocol formed part of the Council's Constitution and it would be for the Constitution Committee to consider the final document for recommendation to full Council in due course.

RESOLVED:

- 1 That the proposed changes to the Council's Whistleblowing Protocol be endorsed in principle;
- 2 That, in view of the implications for staff, the Protocol be subject to consultation with the unions before finalising the proposed amendments; and
- 3 That, following consultation, the Protocol be re-submitted to the Committee for consideration.

27 REVIEW OF CORPORATE COMPLIMENTS, SUGGESTIONS AND COMPLAINTS PROCEDURES

The Committee considered the report of the Customer Relations Manager. The report provided a summary of performance during the first and second quarters against the defined Corporate Compliments, Suggestions and Complaints policy and procedure which came into effect on 1 April 2010. It also summarised the performance of complaints received under the Adult Social Care Complaints Procedures and the Children's Social Care Complaints Procedures.

The Committee's terms of reference included a requirement to seek assurance that arrangements for addressing customer complaints were sufficiently robust. Reports on Local Government Ombudsman complaints and customer complaints would be submitted periodically to the Committee.

RESOLVED:

That the report be noted.

28 WORK PLAN

The Committee considered an updated Work Plan and were invited to identify any additional items/training/briefing sessions to enable the Committee to meet its responsibilities. The Work Plan had been approved at the September 2010 meeting; a number of changes had been made subsequent to that meeting and these were included in the revised document.

A programme of meetings and agenda items ensured comprehensive consideration of topics which fell within the remit of the Committee.

It was AGREED that the Whistleblowing Protocol be added to the agenda for the January 2011 meeting (subject to the outcome of consultation with the unions).

RESOLVED:

- 1 That the Work Plan, as amended at the meeting, be approved;
- 2 That the Work Plan be submitted to the Committee periodically, for development and approval.

The meeting commenced at 10.00 am and concluded at 11.15 am

Councillor M J Simon (Chairman)