

Audit and Governance Committee Annual Report 2024/25

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OFFICIAL

Introduction

As the Chair of the Audit and Governance Committee, I am pleased to present this detailed report on the work of the Committee during 2024/25.

The report informs full Council of the broad range of work which has been considered over the year to support the Committee in fulfilling its Terms of Reference and provides assurance on the effectiveness of the Committee in meeting its purpose.

This report helps to demonstrate the key role which is undertaken by the Audit and Governance Committee and the positive contribution it makes to the Council's overall governance.

The Committee's current Terms of Reference were developed in accordance with the CIPFA guidance, and the detailed Committee Work Programme, designed to ensure that they are fulfilled, is subject to review at each meeting of the Committee.

I would like to thank all those who have contributed to the Committee meetings over the last year, supporting the Committee's work with varied reports and presentations, which are the culmination of much more preparation and work undertaken 'behind the scenes'.

I look forward to future meetings of the Committee, and to working with the members and officers who support the Committee to ensure that we continue to provide independent assurance on the control environment and the governance framework, especially as the Council continues to tackle the significant financial pressures through its transformation journey.

Councillor Michael Beanland

Chair of the Audit and Governance Committee



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1. Role of the Audit and Governance Committee

The Audit and Governance Committee is a key component of the Council's corporate governance arrangements. The Committee provides independent assurance to the Council through:

- Promotion of high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Councillors and co-opted Members (including other persons acting in a similar capacity).
- An independent and high-level focus on audit, (internal and external) assurance and reporting arrangements that underpin good governance and financial standards.
- Independent review and focus on the adequacy of the Council's governance, risk management, and control frameworks and oversees the financial reporting and annual governance processes.

The role and responsibilities of the Council's Audit and Governance Committee are set out in written terms of reference which are regularly reviewed by the Committee to ensure compliance with relevant legislation and recommended good practice. The terms of reference are set out in the Council's Constitution which is published on the website along with all the agendas, minutes and supporting papers.

Constitution:

[Cheshire East Council Constitution 2025](#) (Chapter 2, Para 4, Page 139)

Audit and Governance Committee Meetings:

[Browse meetings - Audit and Governance Committee | Cheshire East Council](#)

The Committee's responsibilities include, but are not limited to, the following matters with a view to bringing any relevant issues to the attention of the Council:

- Oversight of governance, risk management and internal control frameworks
- Oversight of the integrity of the Council's financial statements
- Oversight of the external auditor's performance, objectivity and independence
- Oversight of the performance of the internal audit function

To help the Committee meet its responsibilities, each year, management provide training sessions for the Committee on subject areas within their remit. During 2024/25, this included induction training for substitute/new members as required through the year.

A session was provided to members of the Committee in May 2024 on internal audit, external audit, annual governance statement, risk management, whistleblowing and the code of conduct. Furthermore, in October 2024, members of the Committee attended a detailed workshop session on internal audit. In February 2025, the

Committee received training on the annual governance statement and the role of the Committee.

2. Meetings and Membership

During the 2024/25 municipal year, the Audit and Governance Committee met on 6 occasions and was comprised of 11 members:

- Councillor Michael Beanland (Chair)
- Councillor Ken Edwards (Vice-Chair)
- Councillor Sue Adams
- Councillor Brian Drake
- Councillor Alison Heler
- Councillor Chris Hilliard
- Councillor Garnet Marshall
- Councillor Patrick Redstone
- Councillor Judy Snowball
- Mr Ron Jones (Independent Co-opted Member)
- Ms Jennifer Clark (Independent Co-opted Member)

The Audit and Governance Committee meetings were well attended with substitutes occasionally used when a member could not be present. All substitutes were provided with training prior to attending meetings, and during 2024/25, substitute members were used on 4 occasions:

- Councillor Andrew Kolker
- Councillor Dawn Clark
- Councillor Mike Sewart
- Councillor Rachel Bailey

Committee Attendance statistics:

[Committee attendance - Audit and Governance Committee, 1 April 2024 - 31 March 2025 | Cheshire East Council](#)

The Committee was also routinely attended by the following officers and external parties:

- Governance, Compliance and Monitoring Officer
- Executive Director of Resources, Section 151 Officer
- Director of Finance (Deputy Section 151 Officer)
- Finance Manager (Strategic Finance & Accounting)
- Head of Audit, Risk & Assurance
- Internal Audit Manager
- Democratic Services Officers
- External Auditors (Ernst & Young)

3. How the Committee discharged its responsibilities during 2024/25

Key Committee Activities	May 2024	July 2024	Sept 2024	Dec 2024	Feb 2025	Mar 2025
Governance, Risk and Control						
Received a report on Information Governance and Security – Review of 2023/24			•			
Received a progress update on the Annual Governance Statement actions	•			•		
Received and approved the draft Annual Governance Statement 2023/24 (Updated version received February 2025)		•			•	
Received the Monitoring Officer Annual Report 2023/24				•		
Reviewed the Audit and Governance Committee Annual Report 2023/24			•	•		
Considered the Annual Risk Management Report 2023/24		•				
Received a Risk Management Update	•					
Received the Bi-Annual Update on Information Requests						•
Received a report on Progress against CIPFA Review Actions		•				
Received a report on Whistleblowing Arrangements – 2023/24 Update and Policy Development			•			•
Internal Audit						
Reviewed Internal Audit plan progress reports and Internal Audit Charter	•				•	
Received the Internal Audit Annual Opinion Report 2023/24		•				
Received and approved the Internal Audit Plan 2025/26						•
Received a verbal update on progress against actions raised in the Section 106 audit report		•		•		

Key Committee Activities	May 2024	July 2024	Sept 2024	Dec 2024	Feb 2025	Mar 2025
External Audit						
Received the External Audit Planning Report 2023/24				•		
Received the Interim Completion Report				•		
Considered the Certification of Housing Benefit Subsidy Claim and Teachers Pensions Return 2023/24						•
Annual Statement of Accounts						
Received the 2023/24 Draft Pre-audited Statement of Accounts and Outturn Update		•				
Received the Draft Pre-audited Financial Statements – Wholly Owned Companies 2023/24 and Outturn Update 2023/24		•				
Received the Companies Audited Financial Statements, External Audit Findings and Action Plan 2022/23	•					
Received the Companies Audited Financial Statements, External Audit Findings and Action Plan 2023/24						•
Received the updated Draft Statement of Accounts 2023/24	•				•	
Related Functions						
Received a report on the Localism Act 2011 – General Dispensations			•			
Received the Annual Complaints and Compliments Report 2023/24		•				
Standards Arrangements						
Received an update on Standards related matters via the Annual Monitoring Officer Report				•		

Key Committee Activities	May 2024	July 2024	Sept 2024	Dec 2024	Feb 2025	Mar 2025
Other Matters						
Update on the Governance Arrangements of the Dedicated Schools Grant Management Plan 2024/25 to 2030/31	•		•			
Received an update on the Revised 0-25 Partnership Governance Structure and Strategy			•			
Received a B4B/Unit 4 Health check Update			•			•
Received a report on School Catering – Decision of Children and Families Committee						•

4. Governance, Risk and Control

The Audit and Governance Committee oversaw the production of the Council's Annual Governance Statement (AGS) and received updates regarding progress on the AGS significant issues.

The Committee reviewed and approved the final 2022/23 AGS in March 2024 and approved the removal of the significant governance issue related to the Safeguarding Children's Partnership from future Statements.

As part of the production of the 2023/24 AGS, the Committee reviewed and approved the draft AGS at the July 2024 meeting. The Committee received an update on progress made with the significant issue actions at the December 2024 meeting. During discussion on the AGS, the Committee agreed that the significant governance issues in relation to Health and Social Care Integration, and Planning should remain to ensure that the Committee retained oversight of these areas.

The 2023/24 AGS remained in draft at the end of 2024/25 pending the completion by the external auditors of their work on the financial statements. At the September 2025 meeting of the Committee, the external auditors confirmed that they had completed their work on the 2023/24 financial statements subject to the Council including a Going Concern Statement within the documentation. A report detailing that this requirement had been completed was brought to the September 2025 meeting, and the Final 2023/24 AGS was approved.

The Committee considered the effectiveness of the Council's risk management arrangements, the control environment, and associated anti-fraud and anti-corruption arrangements through the regular review of risk management update reports along with receiving the Annual Risk Management Report.

The Committee received updates on counter fraud arrangements and investigations via the internal audit updates and the annual internal audit report.

During 2024/25, full Committee briefings were established to facilitate open conversations in relation to agenda items prior to the formal meeting. This allows Members to raise any questions that they may have and ensure a clear understanding of the often-complex papers being presented to them. Furthermore, post Committee debriefs are held between the Chair, Vice Chair, and key officers to reflect upon what went well and what could be improved upon.

These developments have been beneficial to the Committee which has clarity of purpose and is fully focussed on its assurance role and associated responsibilities. There is regular engagement between Members and officers in the form of training and confidential briefings on sensitive matters, which has helped to develop and build trust and support.

5. Internal Audit

The Audit and Governance Committee reviewed and approved the annual internal audit plan for 2024/25 at its March 2024 meeting. The plan closely aligns with the

Council's strategic risk register and corporate plan and identified priority work to be completed in the first half of the year along with additional areas for consideration in quarters 3 and 4.

The Committee received regular update reports from the Head of Audit, Risk & Assurance. Such reports enable the Committee to monitor the progress of the internal audit plan, discuss key findings and the plans to address them.

The Committee also considered the 2023/24 Annual Opinion of the Head of Audit, Risk & Assurance on the adequacy and effectiveness of the control environment and reviewed the effectiveness of internal audit at its July 2024 meeting.

In addition to the regular internal audit items, the Committee also received updates during the year on the progress made in relation to the implementation of the Section 106 audit recommendations following the issue of a 'no assurance' opinion report in September 2023.

6. External Audit

Ernst and Young were appointed as the Council's external auditor commencing for the 2023/24 audit period. The Audit and Governance Committee received progress reports from the external auditor throughout the 2024/25 year.

The Committee received the external audit planning report for 2023/24 in December 2024 along with the interim completion report.

In February 2025, the Committee received the external audit interim completion report where they presented their interim findings.

7. Annual Statement of Accounts

The Audit and Governance Committee received and reviewed the draft Statement of Accounts 2023/24 along with a presentation on the accounts by the S151 Officer in June 2024. The Committee received an updated draft Statement of Accounts along with the external audit interim completion report for 2023/24 in February 2025.

The external auditor confirmed they had not been in a position to obtain sufficient evidence to conclude the financial statements of the council were free from material and pervasive misstatement before the backstop date, therefore, anticipating a disclaimed audit opinion for 2023/24 would be issued. In addition, at the February 2025 meeting, the external auditor also confirmed they had received four objections from a local elector on the 2023/24 financial statements and until these had been considered, the final audit opinion could not be given.

8. Related Functions

The Audit and Governance Committee received the 2023/24 Annual Complaints report in July 2024 which included a summary of actions from decision notices issued by the Local Government and Social Care Ombudsman.

The Committee received a report in September 2024 providing an update on the council's arrangements for information management, information security and requests for information received under relevant legislation during 2023/24.

9. Standards Arrangements

The Committee received assurance on key aspects of the Monitoring Officer's responsibilities in the annual Monitoring Officer report which was received in December 2024. The 2023/24 annual report covered areas including but not limited to the Members' Code of Conduct, register of gifts and hospitality and training and development.

10. Hearing Sub-Committee

No meetings of the Hearing Sub-Committee were held during 2024/25.

11. Audit and Governance Committee Priorities for 2025/26

There are several key areas that the Committee will need to consider and progress during 2025/26 in addition to its core business.

- During 2025/26 the committee will complete a self-assessment against the CIPFA Position Statement 2022 along with a skills assessment of Committee members to identify any training and development needs.
- The Committee are engaged with the Children and Families committee to receive assurances over its plan to develop an effective SEND (Special Educational Needs and Disabilities) Policy and management of the DSG (Dedicated Schools Grant) deficit.
- The Committee will support the review and refresh of the Council's arrangements for raising concerns/whistleblowing, resulting in an updated policy and wider communication and engagement of the arrangements.
- The Committee will continue to consider the Council's Transformation Programme, its impacts and any implications this may have for the Committee in relation to governance, risk, and financial control.
- The Committee has an ongoing interest in financial controls and will consider how the effectiveness of these controls can be reported to them.
- The Committee will seek assurance on the implementation of the Procurement Act in relation to the process of contracts and tender negotiations.