CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Monday, 29th September, 2025 in the Capesthorne Room,
Macclesfield Town Hall, SK10 1EA

PRESENT

Councillor M Beanland (Chair)
Councillor B Drake (Vice-Chair)

Councillors R Bailey (sub for Cllr Adams), L Braithwaite, P Redstone, J Snowball, Mr R Jones, Mrs J Clark and Councillor M Sewart (sub for Cllr Heler)

OFFICERS IN ATTENDANCE

Ashley Hughes, Executive Director of Resources and S151 Officer
Kevin O'Keefe, Interim Director of Governance and Law (Monitoring Officer)
Chris Benham, Director of Finance
Josie Griffiths, Head of Audit, Risk and Assurance
Michael Todd, Acting Head of Internal Audit
Tracy Baldwin, Strategic Finance Manager
Julie Gibbs, Information Rights Manager
Keith Sutton, Security and Risk Manager
Paul Unwin, Community Protection Team Leader
Nikki Bishop, Democratic Services Officer

27 **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors S Adams, A Heler, R Fletcher and J Bird. Councillor R Bailey and M Sewart were present as substitutes.

28 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

29 **MINUTES OF PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting held on 28 July 2025 be agreed as a correct record and signed by the Chair.

30 **PUBLIC SPEAKING TIME/OPEN SESSION**

There were no registered speakers.

31 **AUDIT AND GOVERNANCE COMMITTEE ACTION LOG**

The committee received an update on the action log. The following was noted:

- Whistleblowing Policy: it was confirmed that this would likely come forward to the December 2025 committee meeting.

RESOLVED:

That the action log and updates provided be received and noted.

Councillors Redstone and Snowball arrived at 10.34am.

32 **FINAL STATEMENT OF ACCOUNTS 2023-24**

The committee considered the report which provided an update on the finalisation of the Statement of Accounts 2023-24.

The committee noted that in finalising their audit work on the Statement of Accounts 2023-24, Ernst & Young had requested that the Council include an additional disclosure on ‘Going Concern’ in the final 2023-24 version of the Statement of Accounts. No other changes to the 2023-24 Statement of Accounts had been proposed.

The committee noted that the concern assessment was deemed necessary in recognition of the Councils financial position and also the ongoing challenging landscape within which the Council and other local authorities found themselves in. The S151 officer confirmed that the Council would expect a concern statement until such a time that the Council improved its financial sustainability.

A typing error within the report was highlighted, it was confirmed that the report should have stated that the Council outturn position for the current year 2025-26 which had been reported to the Finance Sub Committee at Quarter 1 was a £3.1m overspend in year.

The committee queried the fees in respect of the work undertaken to issue the going concern statement. It was clarified that this had not yet been calculated however figures would be shared with the S151 Officer and the Audit and Governance Committee. Any additional fees would be subject to Public Sector Audit Appointments Ltd (PSAA) determination.

Assurance was provided that the External Auditors were confident that the leadership of the Council recognised the financial challenges facing the local authority. The S151 Officer met regularly with the Leader, Deputy Leader and Senior Corporate Leadership Team to review the financial position. The Medium-Term Financial Strategy was being developed in order to improve financial suitability, build back reserves and reduce borrowing.

The committee noted that the concern statement referenced the review of the Capital Programme undertaken in 2024/25 with a view to reducing and re-profiling the amount of capital spend funded by borrowing which led to significant slippage in year. Officers confirmed that there would be continued scrutiny and review of the Capital Programme throughout 2025-26 to minimise and delay spend funded from borrowing in order to reduce the ongoing revenue costs in future years. It was agreed that capital projects needed to be underpinned by a robust business case.

The committee noted that an additional Corporate Policy Committee had been scheduled for 30 October 2025 to consider the development of the 2026-30 MTFS and supporting consultation and engagement process. Officers committed to ensuring further consideration of how to reach rural Town and Parish Councils that were not members of ChALC during the consultation and engagement process.

RESOLVED (unanimously):

That the Audit and Governance Committee

1. Note the Going Concern disclosure (Appendix A) that has been included in the latest Statement of Accounts for 2023/24 (on the Members Hub for information).

2. Delegate to the Executive Director of Resources (S151 Officer), Ashley Hughes to:

   a) Sign off the Statement of Accounts for 2023/24, once the audit has concluded, and

   b) Notify Committee Members of the final signed Accounts being published on the Council's website.

33 **FINAL ANNUAL GOVERNANCE STATEMENT 2023-24**

The committee received the final version of the Annual Governance Statement (AGS) for the financial year 2023-24. The AGS set out the Council's governance framework and evaluated its effectiveness in supporting service delivery and achieving strategic objectives. The AGS reflected governance activity up to the date of approval of the Council's Statement of Accounts.

It was suggested that the going concern statement be referenced within the AGS. With the proposed wording being added at paragraph 5.8:

'In finalising their audit work on the 2023/24 statement of accounts, the external auditors requested that the Council include an additional disclosure on going concern in recognition of the challenging landscape within which Cheshire East Council and other local authorities find

themselves. This was presented to the September 2025 meeting of the Audit and Governance Committee'.

An amendment was proposed and accepted by the committee as a friendly amendment, as summarised below.

Recommendation 1 (amendment – Proposed by Cllr Beanland)

1. Approve the Annual Governance Statement 2023-24 subject to reference to the going concern statement being included.

RESOLVED (by majority):

That the Audit and Governance Committee

1. Approve the Annual Governance Statement 2023-24 subject to reference to the going concern statement being included.

34 STATEMENT OF ACCOUNTS 2023-24 EXTERNAL AUDIT OPINION

The committee received an update from its External Auditors, Ernst and Young, on the position of the 2023-24 Statement of Accounts (External Audit).

It was confirmed that the objections that had been received in relation to the 2023-24 Statement of Accounts had been resolved and that after consideration of the objections, Ernst & Young had not upheld the matters raised as the issues, including weaknesses in the Council's governance arrangements and internal controls, were already in the public domain and had been included in the Annual Governance Statement, it was therefore not considered appropriate to issue a Public Interest Report, as requested by the objectors. Ernst & Young confirmed that they would now conclude the 2023-24 audit with a view to issuing its opinion by the end of October 2025.

RESOLVED:

That the Audit and Governance Committee note the verbal update provided.

35 PROVISIONAL AUDIT PLANNING REPORT (UPDATE) OF ERNST & YOUNG LLP - 2024/25

The committee considered the updated provisional audit planning report from Ernst & Young (EY) for the 2024/25 financial year. EY outlined the proposed audit approach and scope, noting that the final audit plan had been rescheduled from July to November 2025, with the aim of completing the audit by the February 2026 backstop date.

The committee asked questions in relation to the proposed audit approach. It was noted that the PSAA would use its fee variation process to determine the final fee that the Council would have to pay for the 2023-24 audit. The committee raised concerns in relation to the additional fees that would need to be paid for dealing with additional work as a result of the Council's finances and objections. The scale fees for 2024-25 had increased by 8% by the PSAA to cover additional work under revised standards. It was clarified that any additional fees above set scale fees would be tested by the PSAA and the S151 Officer would be consulted and invited to comment upon them. It was acknowledged that the fees had increased significantly to reflect the cost of external audit.

RESOLVED:

That the Audit and Governance Committee

1. Note the updated Provisional Audit Planning report by Ernst & Young (LLP) for 2024/25 and that following completion of their planning procedures, EY will update the committee on any changes in identified audit risks.

36 **ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE 2024-25**

The committee considered the Annual Report which summarised the work of the committee during the 2024/25 municipal year. The report outlined how the committee had discharged its responsibilities in accordance with its Terms of Reference set out within the Council's Constitution, providing independent assurance on the Council's governance, risk management, and control frameworks. Key areas of focus included oversight of internal and external audit processes, financial reporting, standards arrangements, and the Annual Governance Statement.

Members acknowledged the breadth of work undertaken and the positive impact of the committee's assurance functions. It was agreed that the page number to the Terms of Reference for the committee should be included alongside a link to the Council Constitution.

It was suggested that further detail regarding Member Training and Development should be included within the report. It was noted that work was underway to review the Member Training and Development Plan, as approved by the Audit and Governance Committee in July 2025, following the decision of Full Council to move to a Cabinet/Leader form of governance which would be reviewed by the Audit and Governance Committee. The role of the Audit and Governance Committee would be reviewed as the Council transitioned to its new form of governance.

RESOLVED (unanimously):

That the Audit and Governance Committee

1. Note the draft Annual Report of the Audit and Governance Committee 2024/25 and agree the final version which will be presented at the October 2025 meeting of Council.

37 AUDIT AND GOVERNANCE COMMITTEE SELF ASSESSMENT

The committee considered the Audit and Governance Committee Self-Assessment report, which reviewed the committee's effectiveness and alignment with best practice standards, undertaken by the Chair and Vice Chair of the committee. The self-assessment was based on CIPFA publication "CIPFA's Position Statement 2022: Audit committees in local authorities and police" and included a detailed evaluation of the committee's structure, purpose, and performance.

Members supported the findings of the self-assessment and agreed that the outcomes should inform future development and training plans for the committee. It was noted that the self-assessment process would be repeated periodically to ensure continued compliance with good governance principles.

A typing error was highlighted in relation to question four of the Self-Assessment (Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?) it was confirmed that this should be recorded as a 'yes' response. This did not impact on the figures detailed in the summary tables.

It was noted the four actions had been identified as set out within the report. The committee supported the proposal that the skills self-assessment be rolled out as quickly as possible.

It was queried if guidance from other organisations had been considered to self-assess against, such as the Local Government Association (LGA). It was confirmed that CIPFA was widely regarded as the most appropriate specialist professional body for public sector audit committees in the UK. CIPFA provided guidance on governance, financial management, and audit committee effectiveness. Officers confirmed that it would be difficult to look to other professional bodies to provide such guidance.

An additional recommendation was proposed and seconded as summarised below.

<u>Recommendation 3 (additional recommendation)</u>

3. That the Council explores the other external professional bodies available, such as the Local Government Association, for the Audit and Governance Committee to assess itself against.

The vote on the motion was tied, with 3 votes in favour and 3 against. In accordance with the committee procedure rules, the Chair exercised their casting vote, and the motion was carried.

RESOLVED (unanimously):

That the Audit and Governance Committee

1. Consider the self-assessment (Appendix A) and determine any required additions or amendments.

2. Endorse the actions arising from the self-assessment and agree any additional actions that may be required.

3. That the Council explores the other external professional bodies available, such as the Local Government Association, for the Audit and Governance Committee to assess itself against.

38 INFORMATION GOVERNANCE AND SECURITY - REVIEW OF 2024/25

The committee received a report providing an overview of the Council's arrangements for information management, information security, and requests for information during 2024/25.

The committee noted that the Information Assurance and Data Management (IADM) Programme had used the Gartner's Enterprise Information Management (EIM) Maturity assessment tool to monitor progress and to provide an assessment for future workloads to increase the organisation's maturity. The Maturity Assessment Tool had been updated, and a new assessment would be conducted accordingly. The assessment was subject to validation by Gartner, and once this process was complete, the findings would be presented to the committee at an appropriate opportunity.

The committee noted the key activities undertaken to ensure compliance with legislation such as the UK GDPR, Data Protection Act 2018 and the Freedom of Information Act 2000. Updates on the volume and nature of information requests, internal reviews as well as ICO complaints, were provided. The committee noted the continued focus on staff training and awareness, including mandatory e-learning modules and targeted campaigns to promote good data handling practices.

Members discussed the importance of maintaining robust governance frameworks and welcomed the assurance that the Council was actively monitoring and responding to risks in this area. The committee acknowledged the challenges posed by increasing volumes of information requests and the evolving cyber threat landscape. It was confirmed that a private briefing would be arranged for the committee to receive additional details on cyber security and AI.

RESOLVED:

That the Audit and Governance Committee

1. Note the update provided.

39 **REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - REVIEW OF POLICY AND PROCEDURE**

The committee received a report detailing the Council's use of its powers under Part II of the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA) during 2024/25.

The report confirmed that only one directed surveillance application was authorised in 2024/25 and one application for communications data the previous year. A total of three applications had been authorised in the last four years, all of which related to trading standards investigations. The committee welcomed the outcome of the review which stated that the Council remained compliant with relevant legislation and continued to maintain appropriate internal governance and oversight of its covert investigatory powers.

The committee noted that the RIPA Policy and Procedure and Online Investigations Policy had both been updated as part of the bi-annual review which identified a small number of areas for improvement, as set out within the report.

RESOLVED (unanimously):

That the Audit and Governance Committee

1. Note the limited but lawful use of RIPA powers by the Council.

2. Note the amendments to the RIPA Policy and Procedure and Online Investigations Policy.

3. Recommend endorsement by Corporate Policy Committee of the updated policies.

40 **WORK PROGRAMME**

The committee considered the Work Programme. The following was noted:

- Risk management: It was suggested that the committee consider looking at the potential risk and delay in the transfer of the Council's change of governance.

- Planning Department: Concerns were raised in relation to the ongoing issues with the planning website which had resulted in criticism from residents. It was requested that the committee considered looking into this matter to ensure the governance arrangements and internal controls were in place and working.

RESOLVED:

That the Work Programme be received and noted.

The meeting commenced at 10.30 am and concluded at 12.14 pm

Councillor M Beanland (Chair)