

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 26th June, 2014 in Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor J Wray (Chairman)
Councillor L Brown (Vice-Chairman)

Councillors S Corcoran, M Hardy, A Kolker, D Marren, F Keegan, S Hogben and
B Murphy.

Councillors in attendance:

Councillors Rhoda Bailey, P Hoyland and B Moran.

Officers in attendance:

Peter Bates – Chief Operating Officer
Anita Bradley – Head of Legal Services and Monitoring Officer
Joanne Butler – Performance and Risk Management
Tony Crane – Director of Childrens Services (*item 8 only*)
Nigel Moorhouse – Head of Social Care (*item 8 only*)
Jon Robinson – Audit Manager
Neil Taylor – Audit Manager
Judith Tench – Head of Corporate Resources and Stewardship
Alex Thompson – Corporate Manager Planning and Performance
Jo Wilcox –Corporate Finance Manager
Cherry Foreman – Democratic Services Officer

External Auditor (Grant Thornton)

Jon Roberts

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors R Fletcher, D Flude, L
Roberts and M Simon.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public wished to speak at the meeting.

4 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 27 March 2014 be approved as a correct
record.

5 GRANT THORNTON - EMERGING ISSUES BRIEFING

Consideration was given to emerging national issues and developments that might be of relevance to the Council, identified by Grant Thornton the Council's External Auditors. Jon Roberts from Grant Thornton introduced the report and highlighted sections dealing with issues for the 2013/14 closedown, guidance on fraud prevention, and planned training events. He answered questions regarding waste management, and confirmed that the accounts were included for the wholly owned companies operating in 2013/14.

It was confirmed that from June 2014 the report will also be shared with the Corporate Leadership Board and the relevant Portfolio Holders; this would strengthen awareness and ensure that issues and their implications were fully considered by the relevant section of the Council.

RESOLVED

That the Emerging Issues Briefing Report be noted.

6 ARRANGEMENTS REVIEW FOR BREACHES OF MEMBERS CODE OF CONDUCT

Revised arrangements for dealing with standards allegations under the Localism Act 2011 were considered by the Committee. This followed a review of the procedure that had been adopted by the Council in July 2012; an Appendix to the report set out the proposed new arrangements in detail.

The review of arrangements for assessing and investigating member complaints had shown that the main criticisms of both subject members and complainants were of delay and complexity. The report set out the proposed changes under which the initial assessment of complaints would be undertaken by the Monitoring Officer, in consultation with an Independent Person, with the emphasis being on the Monitoring Officer dealing with complaints in a timely manner. The assessment criteria had been amended to state that the Council will not normally investigate or pursue other action if the events occurred more than 6 months prior to the complaint being submitted (except in exceptional circumstances), this had been reduced from 12 months. It detailed changes to the informal resolution process, which would not include a public hearing, and for public local hearings which were to follow a full investigation. It was not intended there would be an appeal process at any stage, the emphasis being on running a fair process in which members could be confident.

The Head of Legal Services and Monitoring Officer informed the Committee that the scheme proposed, whilst adopted for the needs of Cheshire East Council, was similar to many across the country. In response to a question concerning the sanctions that could be imposed by the Hearing Sub-Committee it was agreed that "if relevant to the subject matter of the complaint" be added to the wording regarding withdrawal of facilities and exclusion from premises.

The Committee welcomed the proposed revisions and requested that a review of the scheme be carried out 12 months after implementation.

RESOLVED

1. That Council be recommended to approve the revised arrangements for dealing with standards allegations under the Localism Act 2011, as detailed in Appendix 1 of the report.
2. That the revised arrangements be reviewed 12 months after implementation, and reported to the next Audit and Governance Committee, including the views of the Independent Persons who have assisted in the process.

7 INTERNAL AUDIT ANNUAL REPORT 2013/14

Consideration was given to a report on the Internal Audit Managers' opinion of the overall adequacy and effectiveness of the Council's control environment for 2013/14.

Members were advised that Internal Audit played a vital role in advising the Council, via the Audit and Governance Committee, that the appropriate risk management processes, control systems, accounting records and governance arrangements were in place. The Audit Managers' opinion, set out in section 3 of the appendix to the report states that the Council's framework of risk management, control and governance had been assessed as adequate for 2013/14; and that the framework continues to be developed as the Council progressed through a period of rapid and unprecedented change.

As with the External Auditor's Emerging Issues report this report was also shared with the Corporate Leadership Board to ensure its findings are disseminated to the appropriate teams and actioned and implemented in a timely way. In response to a request from the Committee it was confirmed that, if appropriate, a service manager could be asked to attend an Audit and Governance Committee meeting to further discuss recommendations or findings.

RESOLVED

That the opinion of the Internal Auditor for 2013/14 be noted.

8 ANNUAL REPORT 2013/14 ON RISK MANAGEMENT

The Committee considered the annual report of the Corporate Risk Management Group for 2013/14, and also proposed minor changes to the Risk Management Policy.

The plan to become a strategic commissioning Council had been set out in February 2013 and was, therefore, part way to completion. The purpose of the Risk Management Group was to assist the Council with the management of risks and, over the year, it had assisted and demonstrated the improvements that had been made and also added value by improving communication and raising greater awareness of projects, initiatives and activity.

In addition the Group had also reviewed the Risk Management Policy and a number of minor amendments had been made to strengthen it; this included a new section on risk management and thresholds, and updated details on reports and their frequency. The Policy included a foreword by the Portfolio Holder for

Strategic Communities and the Committee asked for consideration to be given to amending 'a higher risk appetite' to 'an appropriate risk appetite' in the last sentence of para 1.2 as it was considered to be a more useful description.

In accordance with the request made at the last meeting of the Committee Tony Crane, the Director of Children's Services and Nigel Moorhouse, the Head of Social Care, attended the meeting to discuss the risk relating to the protection of children and young people (Corporate Risk 15 (13/14)) with particular regard to the recruitment and retention of qualified and competent social workers and supervisors. The existing controls, evidence, and the planned actions for the service, were detailed in a paper circulated at the meeting and Members had the opportunity to ask questions.

RESOLVED

1. That the Annual Risk Management report be noted.
2. That Cabinet be recommended to approve the minor changes to the Risk Management Policy, as detailed in Appendix A of the report, with the additional amendment to the wording in the foreword as now requested and as detailed above.

9 DRAFT ANNUAL GOVERNANCE STATEMENT 2013/14

The draft Annual Governance Statement for 2013/14 was submitted for comment prior to consideration of the final statement at the September meeting of the Committee.

The Chief Operating Officer endorsed the Internal Auditors opinion that the Council's control environment was adequate, explaining the level of achievement and progress made during the course of the Councils' transition. Through reviews carried out in the production of the statement it could be demonstrated that work within the Council was generally carried out to the high standards local people expected and needed and that the culture, values and ways of working reduced the opportunity for poor or inappropriate practice and increased the likelihood of detection and rectification if they did.

The Committee requested that the following amendments be made to the draft: -

- para 2.4 - remove reference to the national debt
- para 2.6 – remove PLC

RESOLVED

1. That the draft Annual Governance Statement be noted and that the above amendments be included.
2. That it be noted that the final Annual Governance Statement will be considered by the Committee at its meeting in September for approval prior to publication on the Council's website.

10 DRAFT PRE-AUDIT STATEMENT OF ACCOUNTS 2013/14

Consideration was given to the pre-audit Statement of Accounts 2013/14, due to be published on the Council's website by 30 June 2014. The report provided members with an insight into the strong financial and operational performance delivered in that period, and highlighted some of the key elements, with the focus being on the delivery of sustainable quality cost effective services needed by residents and businesses.

The headline outturn position for 2013/14 showed an underspend of £897,000 0.35%, and the creation of new reserves of £12.4 m. The overall level of reserves was now considered sufficient to protect the Council against its assessed financial risks as well as providing opportunities for future investment in its defined priorities.

RESOLVED

1. That it be noted that the pre-audit Statement of Accounts for the year ended 31 March 2014 will be published on the Council's website by 30 June 2014.
2. That the £0.897m surplus generated in 2013/14, and the new earmarked reserves of £12.4m, be noted.

11 WHISTLEBLOWING POLICY

The Committee received an update on the effectiveness of the Council's whistleblowing arrangements and a breakdown of the number of reports received during 2013. It was reported that 8 reports had been received by Internal Audit and of these 5 did not fall within the scope of the policy, 2 were unsubstantiated following investigation, and 1 was still under investigation.

The Policy had been the subject of regular review since it had been adopted in 2008 and in order to ensure the Council's arrangements were effective it had been compared with examples of best practice. In addition, and to ensure staff were aware of the Policy, a survey had been devised which was due to be issued with a Team Talk article following the adoption of the Policy.

In considering the revised policy the Head of Legal Services agreed to investigate further the inclusion of reference to the Audit Commission hotline in para 11 and to report back to the Committee as necessary.

RESOLVED

1. That the report be noted and the proposed actions for the ongoing review of the Councils' Whistleblowing Policy be noted.
2. That approval be given to the proposed amendments to the Whistleblowing Policy and that the Head of Legal Services report back to the Committee as necessary.

12 WORK PLAN 2014/15

A proposed Work Plan for 2014/15, the revised terms of reference for the Audit and Governance Committee approved by Council on 14 May, and the current memberships of the specialist Member/Officer Groups, were considered by the Committee. With respect to this latter paper the Head of Legal Services and Monitoring Officer requested that the Standards Work Group be retained and it was agreed that it be added with the existing membership of Councillors L Brown, M Hardy, D Marren and J Wray.

In addition the Committee agreed that reports on the following matters be added to the Work Plan.

1. Regulatory Training for all Members of the Committee (1 September 2014)
2. Bettercare Fund (20 November 2014)

RESOLVED

1. That the terms of reference of the Audit and Governance Committee, approved by Council on 14 May 2014, be noted.
2. That subject to the above additions the Work Plan be approved.
3. That subject to the addition of that for Standards the list of Work Groups and memberships be approved.

The meeting commenced at 2.00 pm and concluded at 5.20 pm

Councillor J Wray (Chairman)