

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 25th September, 2014 in the West Committee Room -
Municipal Buildings, Earle Street, Crewe, CW1 2BJ

PRESENT

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

Councillors B Burkhill, S Corcoran, M Hardy, A Kolker, D Marren, M J Simon,
D Neilson, A Moran and B Burkhill

Officers in attendance:

Peter Bates – Chief Operating Officer
Iolanda Puzio – Legal Team Manager
Jon Robinson – Audit Manager
Sandra Smith – Customer Relations and Compliance Manager
Judith Tench – Head of Corporate Resources and Stewardship
Alex Thompson – Corporate Manager Planning and Performance
Joanne Wilcox – Corporate Finance Manager
Cherry Foreman – Democratic Services Officer

External Auditors (Grant Thornton)

Allison Rhodes and Jon Roberts.

13 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors R Fletcher and L Roberts.

14 DECLARATIONS OF INTEREST

There were no declarations of interest.

15 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public were present.

16 MINUTES OF PREVIOUS MEETING

Minute 12 (Work Plan) was amended to remove the words '*reports on*' from the second paragraph of the preamble, and '*Regulatory*' from item 1 being added to the Work Plan.

RESOLVED

That, subject to the above amendment, the minutes of the meeting held on 26 June 2014 be approved as a correct record.

17 EXTERNAL AUDIT - AUDIT FINDINGS REPORT 2013/14

Jon Roberts and Allison Rhodes of Grant Thornton introduced this report setting out the key matters arising from their audit of the Council's financial statements for the year ended 31 March 2013. In accordance with the Code of Audit

Practice, published by the Audit Commission, the external auditors were required to report on whether the Council's financial statements presented a true and fair view of the financial position, expenditure and income for the year and had been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. In addition they were required to reach a formal conclusion on whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources i.e. the Value for Money conclusion (VFM).

The report summarised particular items of note and also set them out in greater detail, along with an associated action plan. Members had the opportunity to comment on and discuss areas in which they were especially interested including the valuation of assets, the dedicated schools grant, IT controls, benchmarking and PFI modelling.

The Committee was informed that Grant Thornton would be issuing an unqualified opinion on the accounts; reference was made to the Explanatory Foreword which was considered to be an especially good example of good practice and set out a clear and balanced statement of the Council's activities for the year.

Grant Thornton confirmed that they would be issuing an unqualified VfM conclusion as the Council had demonstrated improvements in its arrangements particularly where weaknesses had been highlighted in previous audits.

A summary of findings against six risks areas, where the Council's performance was assessed against the Audit Commission's criteria were as follows:

- Key indicators covering liquidity, borrowing, performance and reserves;
- Strategic financial planning;
- Financial governance and control;
- Improving efficiency and productivity
- Prioritising resources.

The overall assessment for each of these areas was green, reflecting a balanced assessment that the arrangements are adequate.

Overall the report highlighted that the Council had managed its finances effectively for 2013/14 within its revenue budget of £260m, achieved a surplus of £0.9m (after creating new earmarked reserves of £12.4m approved in July 2014 and £0.5m elections reserve set up in October 2013) increasing its general reserves to £19.8m.

RESOLVED

That the Audit Findings Report for 2013/14 be received and noted.

18 AUDIT FINDINGS AND ACTION PLAN 2013/14

Consideration was given to the report of the Chief Operating Officer on the External Auditors Audit Findings and Action Plan for 2013/14; it was noted that the significant progress of the Council in addressing the weaknesses set out in their qualified conclusion for the previous year had been recognised.

The report set out the Council's management response to the 2013/14 Audit findings Report, detailed in the previous item (minute 17 refers) for which specific actions and target dates for implementation were proposed. The Chief Operating Officer and the Corporate Leadership Board had accepted all the auditors' recommendations; the improvements would support the Council's commitment to continuing to strengthen its financial reporting, stewardship and governance arrangements.

RESOLVED

That the management response and action plan, set out in the appendix to the report, be noted and endorsed.

19 STATEMENT OF AUDITED ACCOUNTS 2013/14

Consideration was given to an updated statement of accounts which now incorporated findings from the audit process. At its meeting on 26 June the Committee had received a report setting out the key elements of the Council's pre-audit accounts for 2013/14.

The report circulated included details of the amendments agreed and reflected in the final Statement of Accounts but that the figures on the political structure of the Council would be updated prior to publication. A copy of the letter of representation, to be signed by the Chief Operating Officer, was circulated for information.

RESOLVED

1. That the Statement of Accounts be approved as presenting a true and fair view of the Council's expenditure and income for the year, and its overall financial position.
2. That the Chairman of the Audit and Governance Committee be given delegated authority to sign off the final Accounts on completion of the audit process on behalf of the Committee, in consultation with the Chief Operating Officer.
3. That approval be given for the letter of representation as circulated to be signed by the Chief Operating Officer.

20 ANNUAL GOVERNANCE STATEMENT 2013/14

Consideration was given to this report requesting approval of the Annual Governance Statement 2013/14 (AGS) for signature by the Leader of the Council and the Chief Executive; once approved it would accompany the Statement of Accounts and be published on the Council's website.

At its meeting in June the Committee had considered the draft AGS and, since that time, it had been amended to take into account feedback from the meeting and also that received in the interim period from Members, Officers and the External Auditors; particular reference was made to the inclusion of additional wording on the Bettercare Fund and Ofsted.

RESOLVED

That approval be given to the Annual Governance Statement.

21 ANNUAL REPORT 2013/14

The Chairman introduced the Committees draft Annual Report for 2013/14 prior to the final version being considered by the Council at its meeting on 16 October. The report set out the performance of the Committee in relation to its terms of reference, and detailed the findings, conclusions and recommendations in respect of the adequacy and effectiveness of its governance, risk management and internal control frameworks, financial reporting arrangements and internal and external functions.

In his introduction to the report, as well as giving a summary of the major areas of work covered during the year, the Chairman made reference to the contribution of the Committee to the Council's overall governance and control arrangements, the strengthening and improvement of which had been recognised by the External Auditors. The continuing importance of the Committee in the development of the Council's new Alternative Service Delivery Vehicles, and the positive results of its self assessment against new CIPFA guidance on audit committees was also reported.

RESOLVED

That approval be given for the draft Annual Report for 2013/14 to be submitted to Council on 16 October 2014.

22 REPORT ON CUSTOMER FEEDBACK

Consideration was given to this report prepared by the Customer Relations and Compliance Manager. She reported that feedback to the Council was considered to be an extremely important and valued contribution to understanding what is required to provide the best possible solution to satisfy customers needs and it was noted that in 2013/14 the Council had actively encouraged both positive and negative feedback by the use of targeted campaigns such as 'Tell Dave' for highways matters.

At the meeting the figures in the report were amended slightly. The figure quoted in para 1.4 should have stated '1140 were compliments (33%) and 117 (3%) were suggestions' rather than '1257 were compliments'; the report accompanying this agenda has been amended accordingly. In discussing the number of complaints received the Committee suggested that it would be useful to separate those relating to a failure of service from those that related to a change of policy - changes in the green waste collection being given as an example; if these representations had been separated, the increase in the number of complaints would have been 5% when compared to 2012/13. It was agreed that a clearer definition of what constituted a complaint would be sought.

It was confirmed that Cabinet and the Corporate Leadership Board were both committed to improving performance across the Council and that training was being provided, internally and in conjunction with the Local Government Ombudsman, so that officers understood the most effective way of dealing with

customer complaints. It was reported that external benchmarking was being carried out to ensure that the Council was learning from best practice elsewhere, and also that complaints measures had been included in the Council's performance management system.

RESOLVED

That the report be noted, that the future breakdown of complaints be divided between service provision and policy, and that the statistics from the report be included in the Committee's future Annual Governance Statements.

23 TREASURY MANAGEMENT UPDATE REPORT

Consideration was given to this report produced by the Chief Operating Officer in accordance with the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities. It was reported that the Council had remained within all its Prudential Indicators during the year, and that cash balances had remained stable. The report detailed key points for 2013/14 including the Council's cash balances, capital expenditure, levels of external debt and the influence of economic factors.

RESOLVED

That the treasury management activity for 2013/14 be noted.

24 WORK PLAN

Consideration was given to the Committee's Work Plan and to those items added since the last meeting; it was reported that the following items would be added to the Work Plan: -

- Wholly owned companies – Directors payments
(20 November 2014)
- Audit and Governance Committee - self assessment update
(22 January 2014)
- ASDV governance and stewardship – update on arrangements
(19 March 2014)
- Disclosure of officers remuneration – senior employees in the financial statements
(19 March 2014)

In addition it was confirmed that a training session on Audit Committees – An External Audit Perspective and Audit Committees - Knowledge and Skills framework would be provided prior to the start of the next meeting.

RESOLVED

That subject to the above additions the Work Plan be approved.

The meeting commenced at 10.00 am and concluded at 12.45 pm

Councillor J Wray (Chairman)