

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 25th June, 2015 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor L Smetham (Chairman)

Councillors C Andrew, G Baxendale, S Corcoran, R Fletcher, M Hardy,
M Simon and A Stott.

Councillors in attendance:

Councillors S Gardner, P Groves and A Moran.

Officers in attendance:

Peter Bates – Chief Operating Officer

Anita Bradley – Head of Legal Services and Monitoring Officer

Andrew North – Corporate Manager: Governance and Audit

Jon Robinson – Audit Manager

Judith Tench – Head of Corporate Resources and Stewardship

Alex Thompson – Corporate Manager Strategy and Reporting

Jo Wilcox – Corporate Finance Manager

Cherry Foreman – Democratic Services Officer

External Auditor (Grant Thornton)

Allison Rhodes

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors A Kolker and
D Marren.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public wished to speak.

4 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 19 March 2015 be approved as a
correct record.

5 INTRODUCTION TO THE WORK OF THE COMMITTEE

The Chief Operating Officer introduced the Terms of Reference of the Committee and of its Sub-Committees, as set out in the Constitution. He reported that they had been updated a year ago and would continue to be reviewed to ensure they reflected the advice and guidance of bodies such as CIPFA.

The Committee was asked to agree to the inclusion of behaviour and performance in the Terms of Reference; this would require the approval of both the Constitution Committee and Council.

RESOLVED

That the Terms of Reference be noted and that approval be given to the proposal to include behaviour and performance.

6 EXTERNAL AUDIT UPDATE REPORT

Consideration was given to the update report from Grant Thornton on their work as External Auditors for the year ended 31 March 2015. Details were given of the work to be carried out as part of the statutory audit of the Council's financial statements and arrangements for securing value for money; it also included a summary of emerging national issues and developments relevant to the Council.

In response to questions from Members clarification was given as to when it would or would not be acceptable for any recommendations not being implemented by the due date; also that accounting for schools still required judgements to be made on whether to include non current assets for voluntary aided and voluntary controlled schools on the Council's balance sheets, this being the clearest guidance to date on the subject.

RESOLVED

That the update be noted.

7 INTERNAL AUDIT ANNUAL REPORT 2014/15

The Corporate Manager Governance and Audit presented a report on his opinion on the overall adequacy and effectiveness of the Council's control environment for 2014/15, which had been timed to support the Annual Governance Statement (AGS) in accordance with the requirements of the Public Sector Internal Audit Standards.

The opinion could be seen in full on page 4 of the Internal Audit Annual Report and it was confirmed that adequate management arrangements were in place to ensure that services were delivered, and that agreed savings proposals were being realised, against a background of transformation as part of the agenda to become a commissioning Council.

With reference to the implementation recommendations and agreed deadlines it was confirmed that in the event of a recommendation no longer being appropriate, due for example to wider structural change, then a more appropriate action was agreed with managers. It was, however, confirmed that changes of management structure were not an acceptable reason for deadlines not being met.

RESOLVED

- 1 That the Internal Audit Annual Report 2014/15 be noted.
- 2 That the Corporate Manager: Governance and Audit opinion on the Council's framework for 2014/15 be noted.

8 DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

Consideration was given to the draft Annual Governance Statement (AGS), explaining how the Council makes its decisions, manages its resources and promotes values and high standards of conduct and behaviour; the final AGS would be considered by the Committee at its meeting in September.

In February 2013 the Council had set out its three year plan to become a strategic commissioning council, the focus of which was to deliver sustainable, cost effective, services needed by residents and businesses. It was reported that the Council continued to develop its governance framework as it delivered its transformation programme. There were robust monitoring and reporting processes which included reference to controls where significant activities took place through a group entity including companies that the Council owned or part owned.

In response to points raised concerning some of the explanatory wording in the report the Committee was advised that considerable efforts had been made to be as succinct as possible and that the points raised would be looked at further.

The Chief Operating Officer, as the Council's Section 151 Officer, endorsed the Internal Auditor's opinion on the Council's control environment that *'The Councils framework of risk management, control and governance is assessed as adequate for 2014/15.'*

RESOLVED

That the draft Annual Governance Statement be noted and the final statement be considered by the Committee at its meeting on 24 September 2015 prior to its publication on the Council's website.

9 PRE AUDIT STATEMENT OF ACCOUNTS 2014/15

The Committee considered the draft Pre-Audit Statement of Accounts 2014/15 due to be published on the Council's website on 1 July 2015 along with the Annual Governance Statement; the external audit of the accounts would then begin and run until the end of September. This was the first year that group financial statements had been prepared, reflecting the major step forward in the way services were now managed, with the financial statements being a mixture of wholly and jointly owned subsidiary private interests.

It was reported that the financial statements showed an improving financial position despite targeted reductions in expenditure, and the overall financial health, performance and reliance were strong. The report highlighted a number of operational highlights and gave a resume of the headline messages which would help the Committee in advance of the formal responsibility to approve the accounts at its next meeting.

The Committee received a presentation from the Corporate Manager Strategy and Reporting and had the opportunity to ask questions and seek clarification on the balance sheets.

RESOLVED

That the summarised position of the accounts for the year ended 2015, and the publication dates, be noted.

10 WHISTLEBLOWING ARRANGEMENTS

The Head of Legal Services submitted an update report on the effectiveness of the Council's whistleblowing arrangements and a breakdown of the number of reports received during 2014/15. The Policy was intended to encourage and enable all staff to raise serious concerns within the organisation rather than not doing so for fear of being disloyal to colleagues or the organisation, or due to fear of harassment or victimisation.

The policy had been subject to regular review since it was first approved in 2008, it had last been updated in 2014, and would continue to be reviewed as an ongoing exercise. Seven whistleblowing reports had been received during 2014/15 and the report gave the investigation results. In each case sufficient information had been given to allow an investigation to be carried out and all appeared to be the result of genuine unease.

There had been a recent article in the Council's internal news 'Team Talk' to raise staff awareness. It was acknowledged, however, that it was impossible to know to what extent staff concerns went unreported although the existence of some reports could be taken as evidence that the Policy was understood and used.

RESOLVED

That the report be noted and the ongoing review of the Council's whistleblowing arrangements be endorsed.

11 CODE OF CORPORATE GOVERNANCE REVIEW AND UPDATE

(Councillor Margaret Simon left the meeting during discussion of this item and did not return.)

The Committee considered this report as part of its continuing responsibility for reviewing the Council's corporate governance arrangements. In promoting the principles of accountability and effective governance it provided stakeholders with greater awareness of its arrangements and clarity on the expected principles and behaviours to which the Council operated.

The Code had first been approved in 2009 and reviewed annually to reflect best practice and organisational change, and to be consistent with the CIPFA/SOLACE Framework. A major change had been the inclusion of evidence sources which then highlighted the various systems, policies and processes which demonstrated how the Council complied and fulfilled the requirements of its Code.

RESOLVED

That the revised Council's Code of Corporate Governance be noted.

12 OMBUDSMAN COMPLAINTS

The Corporate Manager: Governance and Audit gave a presentation on the arrangements for responding to the Local Government Ombudsman (LGO). He explained the process from when a resident first approached the LGO through to the issuing of a decision notice and final public report on the outcome of the investigation. Under the procedure the Council was given 28 days in which to consider and respond to the provisional view of the LGO.

Specific reference was made to a complaint concerning the green waste collection in 2013/14 and to the lessons to be learned and taken forward from this particular case. The Committee was assured that the need to consider fully the provisional view of the LGO had now been highlighted to colleagues by the compliance team and training given to ensure this happened.

RESOLVED

That the presentation, and the revised arrangements for considering the provisional view of the Local Government Ombudsman, be noted.

13 **WORK PLAN**

Consideration was given to the Committees Work Plan, and to membership of its various Member/Officer Working Groups. It was noted that the Work Plan needed to take into account that the Accounts and Audit Regulations 2015 revoked those for 2011, although they continued to have effect in relation to financial years ending on or before 31 March 2015.

It was agreed that the Working Groups should continue as they provided continuity of membership and in depth knowledge to be acquired in their areas. Members were invited to contact the Corporate Manager: Governance and Audit in respect of any areas in which they had particular interest, knowledge, expertise.

In considering the Work Plan discussion took place on the recent general/local elections count process. The Chief Operating Officer indicated that a review of the election arrangements was being dealt with elsewhere.

RESOLVED

That the Work Plan and updated membership of the Member/Officer Work Groups be considered further at the next meeting of the Committee.

The meeting commenced at 2.00 pm and concluded at 4.45 pm

Councillor L Smetham (Chairman)