

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 27th September, 2018 at Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor G Baxendale (Chairman)
Councillor M Sewart (Vice-Chairman)

Councillors S Corcoran, T Dean, R Fletcher, P Groves, N Mannion, G Merry
and A Stott

Councillors in attendance

Councillors L Wardlaw and J P Findlow

Officers in attendance

Kath O'Dwyer, Acting Chief Executive
Dan Dickinson, Acting Director of Legal Services and Monitoring Officer
Alex Thompson, Head of Finance and Performance
Michael Todd, Principal Auditor
Josie Griffiths, Principal Auditor
Jo Wilcox, Finance Strategy & Reporting Manager
Jo Butler, Business Governance and Risk Manager (minute 45 only)
Sandra Smith, Customer Relations and Compliance Manager (minute 43 only)
Leanne Halliday, Senior Manager – Procurement (minute 45 inly)
Rachel Graves, Democratic Services Officer

External Auditors

Jon Roberts, Grant Thornton
Alastair Newall, Mazars

36 APOLOGIES FOR ABSENCE

No apologies for absence had been received.

37 DECLARATIONS OF INTEREST

There were no declarations of interest.

38 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

39 MINUTES OF PREVIOUS MEETING

Consideration was given to the minutes of the meeting held on 31 July
2018 and the following amendment was made:

Minute 26 Annual Governance Statement 2017/18

the second paragraph, first line delete “on the following”

It was reported that the bullying helpline – Stop Bullying Behaviour, was now operational.

RESOLVED:

That, subject to the above amendment, the minutes of the meeting held on 31 July 2018 be approved as a correct record.

40 GRANT THORNTON - ANNUAL AUDIT LETTER 2017/18

Jon Roberts of Grant Thornton presented the Annual Audit Letter for the year 2017/18.

The detailed findings of which had been reported to the Committee at its last meeting. In considering value for money they were satisfied that the Council had put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for the matter identified in respect of inadequate arrangements for demonstrating and applying the principles and values of good governance to support informed decision-making; as a result they had qualified their value for money conclusion.

RESOLVED:

That the report be received and noted.

41 OUTCOME OF THE EXTERNAL ASSESSMENT OF INTERNAL AUDIT AND COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Committee considered the outcome of the external assessment of the Internal Audit function against the Public Sector Internal Audit Standards, carried out under the peer review process developed and managed by the North West Audit Executive’s Group.

The overall judgement of the assessors was that the service was currently ‘Partially Compliant’ with the Public Sector Internal Audit Standards. An action plan had been developed to address the areas of partial and non-compliance.

The external assessment had raised concern over the resourcing of internal audit, which was an issue recognised by the Corporate Leadership Team and the Audit and Governance Committee.

RESOLVED:

That the outcome of the external assessment and the action plan be noted.

42 REVIEW OF AUDIT AND GOVERNANCE COMMITTEE'S TERMS OF REFERENCE

Consideration was given to the Terms of Reference of the Audit and Governance Committee following the publication by CIPFA of their Practical Guidance for Audit Committee.

The publication included CIPFAs Position Statement: Audit Committees in Local Authorities and Police (2018), which set out CIPFA's view of the roles and functions of an audit committee and replaced the 2013 guidance.

Appendix 1 to the Report set out the Committee's existing Terms of Reference against the Model Terms of Reference included in the Guidance and made a number of recommendations when the existing Terms of Reference differed from the Model Terms of Reference.

With regards to existing Terms of Reference – ref 48: consideration of findings of the Local Government Ombudsman, which was not included in the Model Terms of Reference, the Committee proposed that this should remain in the Committee's Terms of Reference.

RESOLVED:

That the Constitution Committee be recommended to amend the Audit and Governance Terms of Reference as per the recommendations set out in Appendix 1 to the Report, with the exception of ref. 48 - Consideration of findings of the Local Government Ombudsman, which should be retained in the Terms of Reference.

43 REFERRALS TO THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN 2017-18

The Committee considered a summary of the referrals the Local Government and Social Care Ombudsman received from Cheshire East customers during 2017/18.

During 2017/18 the Local Government and Social Care Ombudsman issued 91 decision notices – 47 of these cases were closed after conducting their initial enquiry, 24 of the complaints were upheld in the customer's favour and 20 were not upheld.

The Committee noted that the number of cases dealt with by the Local Government and Social Care Ombudsman had increased compared with previous years, and asked that the processes for dealing with the

Ombudsman observations were made robust, with learning points identified and necessary changes implemented.

RESOLVED:

That the contents of the report be noted.

44 MEMBER CODE OF CONDUCT 2018: STANDARDS REPORT

The Committee was advised of the number of complaints received under the Member Code of Conduct 2018 which had been considered by the Acting Director of Legal Services (in his capacity as the authority's Monitoring Officer) and the Independent Person, during the period from 1 March 2018 to 31 August 2018.

The report broke down complaints received with regard to the number of complaints made against Cheshire East Councillors and Town and Parish Councillors; the paragraph of the code alleged to have been breached and the outcome of each complaint, where completed.

RESOLVED

That the report be noted.

45 RISK MANAGEMENT UPDATE REPORT

The Committee considered a report which summarised the most significant threats and opportunities facing the Council which could prevent or assist with the achievement of the Council's Corporate Plan 2016-20.

The report detailed the changes and movement of the risks on the Corporate Risk Register since the last report to the Committee in relation to risks CR12, CR02, CRO3 and CR04.

In relation to risk CR4 Contract and Relationship Management, a short presentation was received to provide assurance on the work being undertaken to improve contract management arrangements following the limited assurance report conclusions.

RESOLVED:

That the report and presentation be noted.

46 INTERNAL AUDIT – 2018/19 PLAN PROGRESS UPDATE

Consideration was given to the progress report on the Internal Audit Plan 2018/19.

Appendix A to the report detailed the work undertaken to the end of August 2018, including the issues identified and actions required from each review carried out.

Appendix B to the report set out the Quality Assurance and Improvement Programme and detailed the practical arrangements in place to provide assurance that the activities of Internal Audit were consistent with the Public Sector Internal Audit Standards.

RESOLVED: That

- 1 the Internal Audit progress report be noted; and
- 2 the Internal Audit's Quality Assurance and Improvement Programme be noted.

47 TREASURY MANAGEMENT ANNUAL REPORT 2017/18

The Committee consider the annual report on the performance of the Council's treasury management operation.

The Treasury Management Strategy for 2017/18 had been approved by Council in February 2017. The Council had complied with the legislative and regulatory requirements and had remained within all of its Prudential Indicators during the year with the exception of borrowings maturing in under 12 months - details of which were included in Annex 1 to the Annual Report.

In response to questions on investment in the CCLA managed property fund whilst selling off buildings in Cheshire East, it was reported that if invested in property in Cheshire East it would be classed as a capital asset.

RESOLVED:

That the Treasury Management Annual Report for 2017/18, as detailed in Appendix A to the Report, be noted.

48 COMMITTEE WORK PLAN 2018/19

Consideration was given to the Committee's Work Plan for 2018/19.

The Committee noted the items which had been re-scheduled for future meetings, as detailed in paragraph 5.8 of the report. Members were asked to advise the Monitoring Officer of the type of organisation and memberships to be included in the requested report on Members Declarations of Interest, which would be brought to the December meeting.

RESOLVED

That the Work Plan be approved and that it be brought back to the Committee throughout the year for further development and approval.

49 CONTRACT PROCEDURE RULE WAIVERS AND NON-ADHERENCES

The Committee considered a report on the number and reasons for Waivers and Non-Adherences (WARNs) which had been approved between 1 July and 31 August 2017.

RESOLVED:

That the report be noted.

50 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 as amended on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1, 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and public interest would not be served in publishing the information.

51 CONTRACT PROCEDURE RULE WAIVERS AND NON-ADHERENCES

RESOLVED:

That the WARNs be noted

The meeting commenced at 2.00 pm and concluded at 4.15 pm

Councillor G Baxendale (Chairman)