

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 30th July, 2020 at Virtual Meeting

PRESENT

Councillor R Fletcher (Chairman)
Councillor R Bailey (Vice-Chairman)

Councillors C Bulman, D Edwardes, B Evans, S Hogben, M Houston,
A Kolker, M Seward and M Simon

Independent Co-opted Member
Mr P Gardener

External Auditor
Mark Dalton, Mazars

Councillors in attendance
Councillors J Rhodes, A Stott, J Clowes, M Beanland, A Moran, P Redstone
and J Saunders

Officers in attendance
Lorraine O'Donnell, Chief Executive
Jane Burns, Executive Director Corporate Services
Alex Thompson, Director of Finance and Customer Services
Asif Ibrahim, Interim Director of Governance and Compliance
Josie Griffiths, Head of Audit and Risk
Michael Todd, Acting Internal Audit Manager
Graham Pawlett, Chief Information Officer
Juan Turner, Compliance and Customer Relations Officer
Rachel Graves, Democratic Services Officer

13 APOLOGIES FOR ABSENCE

There were no apologies for absence.

14 DECLARATIONS OF INTEREST

No declarations of interest were made.

15 PUBLIC SPEAKING TIME/OPEN SESSION

Sue Helliwell asked about the £20,000 that the Cheshire Neighbours Credit Unit had received from the Council and asked for confirmation that the money went to the most vulnerable people and not to the directors, managers, staffing costs and rental costs.

Director of Finance and Customer Services responded that the Credit union had provided suitable evidence and that the money could not be gifted to individuals. He suggested that she contact the Credit Union directly with any further questions on their accounts.

Councillor Tony Dean asked about the source(s) of the reported £2m in s.106 funding which have been identified as possible funding to encourage developers of Community Housing sites in the Cabinet's proposals.

The Executive Director of Corporate Services responded that this was a question for Cabinet, as the scheme had only just been agreed, and once the monies were included in the accounts, then the Committee would be able to provide assurances. The Director of Finance and Customer Services stated that any movement of money between schemes would require approval and agreed to provide a written response to the question.

Councillor Janet Clowes referred to the monthly Covid-19 financial returns submitted to the Government and asked if this Committee and the Corporate Overview and Scrutiny Committee could see them. She also asked about specific auditing of Covid-19 income and expenditure.

In response the Director of Finance and Customer Services stated that the returns were published by the Government and that he would circulate the link to them. Mark Dalton of Mazars responded that they would be looking at the significant amounts of income and expenditure in relation to Covid-19 as they undertook their audit of the Council's Statement of Accounts in the next few months. There were no specific audit procedures in relation to Covid-19 but understood that the Government may ask the auditors to undertake some certification work and he would inform the Committee if this was to happen.

Councillor Patrick Redstone stated that he had been going to ask a question on the £4.5m of discretionary government funding available for small and medium sized businesses under Covid-19 but had received a phone call that morning from an officer concerning this money and had been reassured that this money would be released and distributed and was awaiting an email from the officer confirming the details.

16 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 28 May 2020 be approved as a correct record.

17 EXTERNAL AUDIT UPDATE REPORT

Mark Dalton of Mazars provided an update on the work being undertaken by the External Auditor in relation to the External Audit Plan.

He reported that since the last meeting monthly video meetings had taken place with the Director of Finance and Customer Services to ensure the Auditors kept up to date with the Council's response to the challenges faced, and that there were no issues to report to the Committee at the present time.

RESOLVED:

That the contents of the External Auditor's report be noted.

18 DRAFT PRE-AUDIT STATEMENT OF ACCOUNTS 2019/20

The Committee received a presentation on the Draft Pre-Audit Accounts for 2019/20.

The presentation set out the important dates for the approval process for the Statement of Accounts, following the changes made due to the impact of the Covid-19 pandemic, and also provided summarised details of income and expenditure, assets and liabilities, level of reserves and indebtedness, and the Balance Sheet.

The presentation would be circulated to the Committee members following the meeting.

The accounts would be available for public inspection for 30 working days between 3 August and 11 September 2020. Mazars would carry out their formal audit before the accounts would be present to the Committee on 11 November 2020 for approval in time for publication by the deadline of 30 November 2020.

RESOLVED: That

- 1 the summarised position of the accounts for the year ended 31 March 2020, based on the presentation at the meeting, be noted; and
- 2 the important dates in relation to the approval process for the Statement of Accounts be noted.

19 INTERNAL AUDIT ANNUAL REPORT 2019/20

Consideration was given to the Internal Audit Annual Report for 2019/20 on the overall adequacy and effectiveness of the Council's control environment. The report supports the Annual Governance Statement.

The Internal Audit team opinion on the Council's framework of risk management, control and governance for 2019/20 had been assessed as Adequate.

The Committee noted that the staffing resource for Internal Audit had been limited during 2019/20 with some management roles being filled via acting up arrangements and the resource available being carefully managed to carry out the audit work. Further to this some Internal Audit officers had been redeployed as part of the Council's response to Covid-19. Clarification was sought that no officer would be auditing an area that they worked in on redeployment. In response the Head of Internal Audit and Risk confirmed that each piece of work had terms of reference which were signed by the Internal Audit Officer to confirm that they did not have a conflict of interest, which included operational work in the area to be audited in the last two years.

It was noted that there had been a delay in the implementation of the risk software due to the impact of Covid-19. An update of Risk Management would be brought to the next meeting.

The Committee thanked the Internal Audit Team for their hard work whilst short staffed and re-deployment to COVID-19 work.

RESOLVED: That the Committee

- 1 note the contents of the Internal Audit Annual Report 2019/20; and
- 2 note the Internal Audit opinion on the Council's framework of risk management, control and governance for 2019/20 as 'Adequate'.

20 ANNUAL MONITORING OFFICER REPORT 2019/20

The Committee considered the Annual Report of the Monitoring Officer for 2019/20.

The Annual Report provided background on the role of the Monitoring Officer's statutory duties and an overview of the following areas:

- Member Code of Conduct
- Register of Members' Interests
- Register of Gifts and Hospitality
- Member Training and Development
- Dispensations
- Information and Data Protection
- Complaints including Local Government and Social Care Ombudsmen Referrals
- Regulation of Investigatory Powers Act
- Whistleblowing
- Constitution/Decision Making Process.

Members sought clarification on a number of issues, including if all Elected Members had completed code of conduct training and if the training was to become an annual event as a refresher for Members. In response it was reported that a small number of Members had not undertaken the training

and at present was not framed as mandatory training. A new Model Code of Conduct was being consulted on at present and when introduced this would be an opportune time to look at the training arrangements.

It was asked how many staff were involved in dealing with Freedom of Information Requests and it was agreed that a written response would be provided to the committee.

RESOLVED:

That the Committee notes the Annual Monitoring Officer's Report 2019/20.

21 ANNUAL INFORMATION GOVERNANCE UPDATE 2019/20

The Committee considered a report which provided an update on the Council's Information Assurance and Data Management (IADM) programme.

It was reported that based on the Local Government Association's information maturity assessment tool, the Council had achieved a maturity rating of 'intermediate'. The aim of the IADM programme was to increase the maturity and move the overall assessment to a level of 'advanced'.

Work had been undertaken on the Geographic Information System to ensure that the information was up to date, accurate and compliant. Work had also been undertaken to update address data and had achieved a Gold standard award from the national framework of GeoPlace.

Work had been undertaken to raise the understanding of information types and retention of this data through the introduction of an email retention policy. Roadshow and workshops had been held over the year and had been well attended. Several mandatory e-learning modules on Protecting and Managing Information had been introduced and several '1-Minute' guides created for the Adult and Children services.

RESOLVED:

That the progress made on the Information Assurance Programme during 2019/20 and future vision to support on-going compliance be noted.

22 DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

The Committee considered the Annual Governance Statement which explained how the Council makes its decisions, manages its resources and promotes high standards of conduct and behaviour.

The Annual Governance Statement covered 2019/20 and needed to be current at the time of publication and approval so matters relating to Covid-19 had been included, along with the Council's response, in the Statement and added as a new issue in section 8.

Section 7 of the draft Annual Governance Statement set out the progress against items previously recognised in the Annual Governance Statement and would be further updated before the issue of the final Statement. The Chief Executive reported that Cheshire Police and the Crime Prosecution Service had advised that in relation to their investigation into a number of issues relating to procurement and contract award that there was insufficient evidence for prosecution. A review would be carried out see if any operational arrangements needed to be improvement and a report would be brought back to the Committee in due course.

A workshop for Members regarding the Annual Governance Statement and the Statement of Accounts would be offered prior to the final Annual Governance Statement being considered by the Committee in November.

RESOLVED: That the Committee

- 1 note the draft Annual Governance Statement 2018/19; and
- 2 note that the final statement will be considered by the Committee in November 2020 prior to its approval and publication on the Council's website.

23 COVID-19 FINANCIAL IMPACT

The Committee considered a report on the financial implications of Covid-19.

Appendix A to the report set out the changes to the Council's normal financial arrangements and provided a summary of the methodology used to date on projecting the full year's implications of the Covid-19 response on the Council's finances. It also provided a summary of the main financial implications to date and the financial support received from government.

During the discussion on the report, questions and comments were raised in relation to distribution of grant money to businesses, the changing costs forecast for home to school transport, provision of actual figures to the scrutiny committees for consideration, changes to processes by the government as circumstances changed, whether the budget agreed in February 2020 had been affect by the grant money received from government, increased spending on ICT provision, the possibility of double accounting of monies provided by government and that grants received were used for the purpose they were received for.

Corporate Overview and Scrutiny and Cabinet, at their September meetings, would receive the latest information and data of the effects of Covid-19 on the Council's finances.

RESOLVED:

That the report be noted.

24 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2019/20

The Committee considered the draft version of the Annual Report of the Audit and Governance Committee 2019/20.

The report provided details of the work undertaken by the Committee and the assurances received during the year.

RESOLVED:

That the Annual Report of the Audit and Governance Committee 2019/20 be approved for consideration by Council later this year.

25 LOCALISM ACT 2011 - GENERAL DISPENSATIONS

The Committee a report which recommended the renewal, for a period of four years, a number of general dispensations under the Localism Act 2011.

The Act prevented Members from participating in any business of the Council where they had a Disclosable Pecuniary Interest, unless they had sought a dispensation under Section 33 of the Act.

The Audit and Governance Committee, under their Terms of Reference, could '*grant dispensations under the provisions of the Localism Act 2011 to enable a Member or co-opted Member to participate in a meeting of the Authority*'.

In September 2012 the Committee had granted approval for a four year period a number of dispensations, as set out in paragraph 4.4 of the report, to enable Members to speak and vote to enable them to partake in meetings, and a further dispensation had been granted under Urgency Powers in March 2020 in relation to those members who were directors of Council owned ASDVs.

The Committee was recommended to renew all of the general dispensations for a further four-year period, expiring on 28 September 2024.

RESOLVED:

That the Committee approve for the 4-year period to 28 September 2024 the general dispensations for all elected and co-opted Members of Cheshire East Council, as set out in the report.

26 COMMUNITY GOVERNANCE REVIEW: MEMBERS' INTERESTS

The Committee considered a report seeking approval for the granting of a general dispensation to allow Members to take part in and vote on Community Governance Review Matters.

A borough-wide Community Governance Review was being undertaken and Members could potential be involved in the Review at one or more levels as they would be making decisions as Full Council and could also be a member of the Constitution Committee and the Community Governance Review Sub Committee, which would be making recommendations on the proposals. Further to this Members would also be involved if they were a parish or town councillor and responding to consultations on the Review.

The general dispensation was being requested as without such the number of Members barred from participating would be so great as to impede the reasonable transaction of business.

It was requested that this general dispensation be for a four-year period to 28 July 2020 to bring it in line with the general dispensations granted in the previous item.

RESOLVED:

That the Committee grant a general dispensation allowing Members to take part and vote on Community Governance Review matters in which they have disclosable pecuniary and prejudicial interests for a four-year period up to 28 September 2024.

27 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - FEBRUARY - MARCH 2020

The Committee consider a report on the Decision Notices issued by the Local Government Ombudsman between 1 February 2020 and 31 March 2020.

It was reported that one decision notice had been issued which concluded that there had been maladministration causing injustice – details of which were set out in Appendix to the report.

RESOLVED:

That the contents of the report be noted.

28 COMMITTEE WORK PLAN

The Committee considered the Work Plan for 2020/21.

Paragraph 5.5 of the report highlighted the changes to the Work Plan since it was last considered by the Committee.

It was suggested that use of standard letters be added to the Work Programme as there needed to be reassurance that they were being correctly used and received sign off before being issued. As the Committee had previously agreed that the Work Programme should focus on strategic level issues, the Executive Director of Corporate Services agreed to look at this matter outside of the meeting.

RESOLVED:

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

29 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 April and 30 June 2020.

A total of 11 WARNs had been issued during this period. The number of WARNs being approved had increased in the first quarter due to Covid-19. The Council had utilised Regulation 32 of the Public Contract Regulations 2015 – negotiated procedure without prior publication, and directly awarded contracts due to extreme urgency to procure a number of products and services.

RESOLVED:

That the Committee note the number and reasons for 11 further WARNs approved between 1 April 2020 and 30 June 2020.

30 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 3 of Schedule 12A of the Local Government Act 1972 and the public interest would not be served in publishing the information.

31 WAIVERS AND NON-ADHERENCES

The Committee considered the WARNs.

RESOLVED:

That the WARNs be noted.

The meeting commenced at 2.00 pm and concluded at 6.24 pm

Councillor R Fletcher (Chairman)