

# **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Thursday, 24th September, 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 Sewart and M Simon

## **Independent Co-opted Member**

Mr P Gardener

## **External Auditor**

Mark Dalton, Mazars

## **Councillors in attendance**

Councillors A Moran, J Rhodes and A Stott

## **Officers in attendance**

Jane Burns, Executive Director Corporate Services  
Alex Thompson, Director of Finance and Customer Services  
Deborah Nickson, Acting Head of Legal  
Josie Griffiths, Head of Audit and Risk  
Michael Todd, Acting Internal Audit Manager  
Lianne Halliday, Senior Manager Procurement  
Rachel Graves, Democratic Services Officer

## **32 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

## **33 DECLARATIONS OF INTEREST**

No declarations of interest were made.

## **34 PUBLIC SPEAKING TIME/OPEN SESSION**

Sue Helliwell referred to the annual monitoring report and stated that would it be more transparent to have them 6 monthly and that the report should include how many questions from residents and Councillors have been declined at Full Council/Cabinet, along with the reasons for them being declined, and also asked if political statements were allowed at meetings by members and if so to ensure that a right to a reply is allowed by members. She stated that the minutes from the previous meeting were

incorrect as she has been informed that the money was a loan and that this should be in the minutes.

The acting Head of Legal responded that it was a matter for the Committee to decide what it wanted to see in the Annual Monitoring Officer's report. The Committee had considered this in March 2019 and decided upon the content and subsequent reports have been prepared on that basis. It would be for the Committee to make any amendments in consultation with the Monitoring Officer. The acting Head of Legal said that this was something that could be raised with the new Monitoring Officer, who will be joining the authority next month, and perhaps a more substantive reply on this point, in relation to the Annual Monitoring Officer's report, can be brought to the next meeting.

### **35 MINUTES OF PREVIOUS MEETING**

#### Minutes 15 – Public Speaking

It was moved and seconded that the first paragraph to be amended to read:

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

It was reported at the meeting that the loan to the Cheshire Neighbours Credit Union, of £20,000, as of today was not due for repayment, and has not been repaid. The latest date for repayment was the 27 December 2030 under the existing agreement.

#### Minute 22 Draft Annual Governance Statement 2019/20

It was moved and seconded that the last sentence of paragraph 2 be amended to read “A review would be carried out to see if any operational arrangements needed to be improved and a report would be brought back to the Committee in November.”

#### **RESOLVED:**

That the minutes of the meeting held on 30 July 2020 be confirmed as a correct record subject to the amendments detailed above.

### **36 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 work had continued remotely on the audit of the draft financial statements with planned completion of these activities in October and sign off of the audit report and VFM conclusion in November.

**RESOLVED:**

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

**37 INTERNAL AUDIT AND COUNTER FRAUD PLAN 2020/21- PROGRESS UPDATE**

Internal Audit and Counter Fraud Plan 2020/21- Progress Update

The Committee considered a report on an updated Internal Audit Plan 2020/21 due to the impact of Covid-19 on the delivery of the Plan agreed in March 2020.

The Internal Audit Team had been providing support to various services to respond to Covid-19, including the People Helping People scheme, support and guidance on providing an electronic solution to issuing weekly cash allowances to care leavers, and undertaking pre-payment checks to minimise the risk of fraudulent or ineligible claims being processed.

The Committee asked if benchmarking on the counter fraud work would be undertaken against other local authorities and were informed this would depend on the ability to access information from other council. Detailed returns on the grants were submitted to the Government and the National Fraud Initiative would be including business grants.

Assurance was also sought that no internal audit officer would be auditing areas where they had worked in response to Covid-19 and were informed that in accordance with the Internal Audit Charter if an officer had worked in an operational capacity, the officer would not be able to undertake any internal audit work in that service for a period of 2 years.

With regards to the resources in Internal Audit, the Committee was informed that whilst there were some vacancies and acting up arrangements in place, there was currently enough resources to deliver an opinion, but this could become a concern if further resources were lost. It was expected that recruitment would be taking place soon.

**RESOLVED:** That the Committee

- 1 approve the updated Internal Audit Plan 2020/21.
- 2 note the areas of work which the internal audit team have undertaken during recent months, including significant proactive counter fraud actions in support of the delivery of various support grants.

- 3 note the Plan will be returned as necessary back to the Audit and Governance Committee should there be any significant changes to the scope or resource available to the Internal Audit Plan.

### **38 ANNUAL RISK MANAGEMENT REPORT 2019/20**

The Committee considered a report which provided an overview on the Council's risk management arrangements during 2019/20 and an update on the Strategic Risk Register scores as at the end of July 2020.

The Risk Management Framework had been endorsed by the Committee in March 2020 and approved by Cabinet on 9 June 2020. The Framework provided a structure to contain the risk policy statement, risk policy, strategy, appetite and maturity which were all previously separate documents which had different dates and content.

#### **RESOLVED:**

That the Annual Risk Management Report be received.

### **39 TREASURY MANAGEMENT ANNUAL REPORT 2019/20**

The Committee considered the Treasury Management Annual Report 2019/20.

The report detailed the Council's capital expenditure and financing during the year and the impact of this on the Council's underlying capital financing requirements. The report identified how the Council had borrowed in relation to the capital financing requirement and also set out investment and debt activity. Cabinet, at its meeting on 8 September 2020 had considered the Treasury Management Annual Report 2019/20.

It was noted that an error had been made in the agenda with the covering report being included twice instead of the Treasury Management Annual Report 2019/20. The Annual Report had been circulated to the Committee separately and it was requested that if the Committee members had any questions on the Annual Report they should be sent to the Director of Finance and Customer Services.

#### **RESOLVED:**

That the Treasury Management Annual Report for 2018/19 be noted.

### **40 COMMITTEE WORK PLAN**

The Committee considered the Work Plan for 2020/21.

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

It was requested that a standing item relating to the financial element of Covid-19 response and recovery be added to the Work Plan.

It was reported that the Executive Director of Corporate Services had arranged a virtual meeting for the Vice Chairman with the Head of Customer Services, who had explained the five themes in relation to improving the customer experience and consistency and that it may be helpful for the Committee members to receive a summary of this as the Customer receives information on complaints.

Reference was made to a training session for all members of the Council on what that the role of the Audit and Governance Committee was. The Committee was informed that it was proposed to record a session and make it available to all Members.

**RESOLVED:**

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

**41 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 2020.

A total of 8 Waivers and 1 Non-adherence had been issued during this period and that a total of 20 WARNs had been issued to date in 2020/21.

The number of WARNs in 2020/21 had increased due to the Covid-19 outbreak. Currently 10 out of the 20 WARNs completed were due to the outbreak and the Council needing to respond quickly to ensure goods and services were provided.

**RESOLVED:**

That the Committee note the number and reasons for the 9 further WARNs approved between 1 July and 31 August 2020.

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

**43 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 4.04 pm

Councillor R Fletcher (Chairman)