

# **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Thursday, 7th December, 2023 in the Committee Suite 1,2 & 3,  
Westfields, Middlewich Road, Sandbach CW11 1HZ

## **PRESENT**

Councillor M Beanland (Chair)  
Councillor K Edwards (Vice-Chair)

Councillors S Adams, A Heler, C Hilliard, M Houston, M Gorman, P Redstone  
and J Snowball and Mr R Jones and Mrs J Clark.

## **OFFICERS IN ATTENDANCE**

David Brown, Director of Governance and Compliance (Monitoring Officer)  
Josie Griffiths, Head of Audit and Risk Management  
Michael Todd, Internal Audit Manager  
Jane Gowing, Interim Director – Planning  
Nikki Bishop, Democratic Services Officer

## **ALSO IN ATTENDANCE**

Tom Greensill, Mazars (External Auditors) (virtual)

## **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor G Marshall.  
Councillor M Gorman was present as substitute.

## **2 DECLARATIONS OF INTEREST**

Councillor M Houston, in the interests of openness and transparency, declared that in relation to agenda item 8 (Proposed Terms of Reference – Audit and Governance Committee) she was the current Cheshire East Deputy Mayor and that prior to this she had held a senior position within the Labour Group as Deputy Group Leader (until April 2023). The Monitoring Officer confirmed that Cllr Houston would be able to contribute to the debate and vote on the relevant agenda item as the role of the Mayor and Deputy Mayor was apolitical and as Cllr Houston no longer held a senior political position within the Labour Group.

## **3 MINUTES OF PREVIOUS MEETING**

It was requested that the minutes of the previous meeting be amended to reflect Mr Ron Jones' attendance at the meeting.

## **RESOLVED:**

That the minutes of the meeting held on Thursday 28 September 2023 be approved as a correct record, subject to the above amendment.

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

There were no members of the public registered to speak.

#### **5 ACTION LOG UPDATE**

The Committee reviewed the action log. The following updates were provided:

##### S106 Internal Audit

The Committee received an update on the progress of actions arising from the S106 Internal Audit. The Committee welcomed the update and thanked officers for their work in ensuring positive progress was made in developing new processes and governance arrangements for S106 going forward. The Committee were pleased to learn that Councillor Snowball, a member of both the Audit and Governance Committee and Environment and Communities Committee would provide a key link between the two Committees as work continued to progress.

It was noted that the successful recruitment to a vacant S106 Officer post would add both capacity and resilience to the resource in the team and that this would ultimately assist in the successful monitoring of the Exacom system, ensuring records were kept up to date.

The Committee were keen to ensure that Member involvement was taken into consideration, with Members being involved in the early stages of developing new processes and governance arrangements. It was noted that the Terms of Reference for the S106 Member Working Group had been agreed and the group would meet on 11 December 2023, the outcome of the Working Group would help inform future discussions with wider Members, including how data from Exacom could be shared with local ward Members. Members requested that the presentation shared be circulated to all Committee Members.

##### Land Transactions – Internal Audit Investigation

The Committee noted that the internal audit work had been completed and that a written response would be sent to Ms D Jamieson who had previously requested updates on the investigation outcomes.

##### Customer Services Strategy

It was noted that the report considered by the Corporate Policy Committee in October 2023 had been circulated to the Committee and that this item would be removed from the action log.

### Costs of Member Enquiries and Complaints

The Monitoring Officer committed to providing a written response which would be circulated to all Committee Members.

#### **RESOLVED:**

1. That the Audit and Governance Committee note the updates provided on the Action Log.

## **6 EXTERNAL AUDITORS - AUDIT PROGRESS REPORT**

The Committee received a report from Mazars, which set out the audit progress and conclusions of the appointed External Auditor for the Council's Statement of Accounts (year ending 31 March 2023). The Committee noted that the External Auditors anticipated that the final audit completion report and audit opinion would be completed in January 2024. It was noted that the External Auditors had reviewed the Audit Strategy Memorandum and had not identified any new significant risks or areas of management judgement.

The Committee received an update on control weakness identified and noted that, following the external audit review of the Cheshire Pension Fund auditor letter, Grant Thornton had identified a control weakness as a result of the Cheshire Pension Fund not being able to agree the total number of active, deferred pensioners, dependents and undecided Members which had been submitted to the actuary back to the underlying information system which the Pension Fund maintained. It was noted that appropriate assurance had been obtained over the completeness and accuracy of the data used in the actuary in relation to the pension figures and this was not a material misstatement. It was confirmed that the issue would be raised in a control recommendation in the final audit conclusion report. Cllr Gorman confirmed that both he and Cllr Snowball were members of the Cheshire Pension Fund and would take back the concerns raised to their next meeting.

The Committee queried the Council's position on valuations of property and assets (rolling revaluation model) which sees all land and buildings revalued in a five-year cycle. The Committee requested a written response from the S151 to seek reassurance on the Council's position and confirmation that valuations of assets were relative to the assets current condition.

The Committee noted the internal control recommendations outlined within the report particularly in relation to expected credit loss provision in respect of housing benefits and adult social care debt which had been calculated based on percentages from 2019. Mazars recommended that this percentage be updated annually to reflect the current profile of debt and the potential effect this had, taking into account economic conditions. The Committee requested that a written response be provided and shared with the Committee from the S151 Officer.

The Committee noted that two internal control recommendations related to the end of year accounts which had not been signed as reviewed, and the payroll bank reconciliation hadn't been signed as prepared. The Committee agreed that this was an important recommendation that needed to be addressed, with reconciliations being signed as prepared and reviewed on a timely basis. The Committee requested that the S151 Officer provide the Committee with a written response on this matter.

It was reported that, following the verbal update provided to the Committee in September 2023 where a perceived risk of significant weakness relating to the arrangements in financial sustainability was highlighted, Mazars confirmed that having obtained a detailed understanding of how the Council was planning to reduce its forecast, the management arrangements in place and challenging the delivery of the mitigations identified, they considered that there was no actual significant weakness in the Council's financial sustainability arrangements however the Council's financial position for 2023-24 was acknowledged as challenging. It was confirmed that the role of the External Auditor was not to make comment on, or to determine what the future financial position of the Council would be, but to determine whether or not the Council was addressing risks and that there was value for money in the actions being taken. It was agreed that officers would arrange training for the Committee on the role of external audit.

## **7 INTERNAL AUDIT UPDATE - PROGRESS AGAINST INTERNAL AUDIT PLAN 2023-24**

The Committee received a report that provided an update on work undertaken by Internal Audit between April 2023 – September 2023 and how this work, along with planned work for the remainder of the financial year, would contribute to the Annual Internal Audit Opinion for 2023-2024.

The Committee queried Care at Home and the measures in place to measure and assess the delivery of services provided by non-commissioned providers, including the financial impact of approving the use of non-commissioned providers. Officers confirmed that the appropriate monitoring arrangements were in place, and that a written response would be sent to the Committee in relation to the financial impact.

### **RESOLVED:**

That the Audit and Governance Committee

1. Note the contents of the Internal Audit Update Report Q1-Q2 2023-24.

## **8 PROPOSED TERMS OF REFERENCE - AUDIT AND GOVERNANCE COMMITTEE**

The Committee considered the report and revised Terms of Reference for the Audit and Governance Committee, as considered and prepared by the Audit and Governance Terms of Reference Working Group.

The Committee reflected on the proposals arising from the recent Corporate Policy Committee to Full Council on 13 December 2023, relating to the merging of the Scrutiny Committee functions into the functions of the Audit and Governance Committee. The Committee agreed that further assessment and consideration of the proposals was needed. It was therefore proposed, seconded and subsequently carried that the Committee formally recommended that Council defers the decision on this matter.

### **RESOLVED:**

That the Audit and Governance Committee

1. Recommend to Full Council the adoption of the Audit and Governance Committee Terms of Reference (Appendix 2).
2. Request that Full Council note the Committee's concerns and defers the decision relating to the proposals recommended by the Corporate Policy Committee to merge the functions of the Audit and Governance and Scrutiny Committees, which is contrary to advice from CIPFA and the Centre for Governance and Scrutiny. The Audit and Governance Committee request that the decision of Full Council relating to the merger of the functions of the Scrutiny Committee into the Audit and Governance Committee be deferred to allow further consideration to be given as to the impact, risks, efficacy and value for money of merging the functions of the Committees, with a report back to the Audit and Governance Committee to consider the proposal further.

## **9 AUDIT AND GOVERNANCE COMMITTEE - PROGRESS AGAINST CIPFA REVIEW ACTIONS**

The Committee received the report which provided an update on progress made on the implementation of actions agreed after the CIPFA Review of the Audit and Governance Committee. The Committee noted that good progress had been made against the 11 recommendations and 23 actions, including the appointment of the second Co-Opted Independent Committee Member, the introduction of All Committee Member Briefings and pre/post meetings between the Chair, Vice Chair and lead officers for the Committee. The Committee agreed that a further update should be presented back to a future Committee meeting, once all actions had been completed.

**RESOLVED:**

That the Audit and Governance Committee

1. Note the progress made on the implementation of actions following the CIPFA review of the Audit and Governance Committee.

**10 WORK PROGRAMME**

The Committee considered the Work Programme, and noted the following:

- It was agreed that Informal Briefing Sessions would be included in both the Annual Report and Committee Work Programme going forward.
- Consideration to be given as to how Members of the Committee could raise areas of concern/interest at future meetings, such as a standing item on each formal Committee agenda.
- Officers to review and progress the proposals for the following items to be added to the Committee Work Programme:
  - o Committee Self-Assessment
  - o Skills Audit

**RESOLVED:**

That the Work Programme be received and noted.

The meeting commenced at 10.00am and concluded at 13.15pm

Councillor M Beanland (Chair)