

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 28th September, 2023 in The Capesthorne Room - Town
Hall, Macclesfield SK10 1EA

PRESENT

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

Councillors A Heler, M Houston, G Marshall, P Redstone, M Gorman
(substitute for Councillor C Hilliard) and B Drake (substitute for Councillor J
Snowball)

OFFICERS IN ATTENDANCE

Janet Witkowski, Head of Legal
Alex Thompson, Director of Finance and Customer Services and S151 Officer
Josie Griffiths, Head of Audit and Risk
Michael Todd, Acting Internal Audit Manager
Jennifer Ashley, Democratic Services Officer
Nikki Bishop, Democratic Services Officer
David Malcolm, Head of Planning

33 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor S Adams, Councillor
C Hilliard and Councillor J Snowball.

34 DECLARATIONS OF INTEREST

There were no declarations of interest received.

35 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 27 July 2023 be approved as a
correct record subject to item 21, paragraph one to read 1 April 2022 to 31
March 2023.

36 EXTERNAL AUDITORS - INDICATIVE AUDIT STRATEGY MEMORANDUM

The committee received a report from External Auditors, Mazars that
provided details of the Indicative Audit Strategy Memorandum which set
out the processes and timelines for the audit of the 2022/23 Statement of
Accounts.

The committee noted that the External Auditors are responsible for giving an opinion on whether the accounts give a true and fair view of the financial position of the Council and the Group's expenditure and income for each financial year ending 31st March and whether the accounts have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The committee also received a verbal update regarding the following matters;

1. In light of the Council's financial outturn forecast, Mazars will be including a Value For Money risk of significant weakness in the 22/23 audit plan and further discussions with the S151 Officer will be taking place
2. Mazars have no issues with the Internal Audit Section 106 Key Findings Report, as the potential repayment values do not reach audit materiality levels
3. It was reported that Muhammad Khan is leaving Mazars soon and Tom Greensill will be the new audit manager for Cheshire East Council
4. Although Cheshire East had published the draft statement of accounts for 2022/23 by the end of May 2023, Mazars were not in a position to complete their audit until December 2023.

RESOLVED:

That the Audit and Governance Committee;

- (1) Considered and noted the Indicative Strategy Memorandum that set out the audit approach and timelines for the audit of the 2022/23 Statement of Accounts;
- (2) Noted the verbal updates provided by Mazars.

Councillor Marilyn Houston and Mr Jones joined the meeting at 10.15 am.

37 PUBLIC SPEAKING TIME/OPEN SESSION

There were no public speakers.

38 ACTION LOG

The committee reviewed the progress of the Action Log.

1. Annual Complaints Report 2022/23
Local Government Ombudsman comparison of Local Authority Complaints was circulated to committee members on 16 August 2023.

2. Internal Audit Opinion 2022/23
A briefing session for committee members on the work of Internal Audit would take place on 30 October 2023.
3. Land Transactions – Internal Audit Investigation
Investigations were near completion with details to be shared with the Monitoring Officer, Chair and Vice Chair of the Audit and Governance Committee to agree on the most appropriate way to report findings to committee members.
4. Draft Pre - Audited Financial Statements – Wholly Owned Companies
Response circulated to committee members 27 September 2023.
5. Work Programme – Internal Audit Plan
Setting of the Internal Audit Plan would be commencing soon; Mr Jones will be invited to discuss ideas for the plan.
6. Work Programme – Customer Service Strategy
The Customer Experience Strategy is due to be presented to the Corporate Policy Committee on 5 October 2023. Further updates to be provided at a future meeting.
7. Work Programme – S106 Internal Audit Key Findings
This report was presented to the committee on 28 September 2023.

RESOLVED:

That the Audit and Governance Committee noted the updates on the action log.

39 MONITORING OFFICER ANNUAL REPORT 2022/23

The committee received a report from the Director of Governance and Compliance and Monitoring Officer that provided information and assurance to the Audit and Governance Committee on key aspects of the Monitoring Officer's responsibilities over the previous financial year.

The report provided information on the role of the Monitoring Officer, and an overview of the following areas:

- Members' 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 (RIPA) Act

- Whistleblowing
- Constitution/Decision Making Process

Members received clarification that although 39 complaints had been received, each complaint could include more than one alleged breach.

The committee questioned what, if anything had influenced the reduction in the number of complaints received. In response, Officers confirmed that although there was no specific reason for the reduction in complaints, there has been a robust change in the triage of complaints, and town and parish councils have been encouraged to adopt a new code of conduct along with more training offered to elected members. In addition, Officers meet weekly to discuss complaints and offer advice to members as required.

It was highlighted to members of the committee that declarations of gifts and hospitality were low across both borough and town / parish councils with the responsibility to declare on each individual members. Officers do not routinely check that declarations are being made.

RESOLVED:

That the Audit and Governance Committee acknowledged and noted the Monitoring Officer Annual Report 2022/23.

40 **ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE 2022/23**

The committee received a draft version of the Audit and Governance Committee's Annual Report 2022/23 from the Director of Governance and Compliance and Monitoring Officer that if agreed, would be presented to Council on 18 October 2023.

The committee noted that producing an annual report on the work of the Committee ensured compliance with best practice requirements and the Council's Constitution. The report would also provide assurances to wider stakeholders on the continuing improvements of the Council's governance arrangements. As there had been a change in membership of the committee, along with a new Chair, the current Chair (Councillor Beanland) had agreed to take this report forward on behalf of the committee.

The Chair extended the thanks of the Committee to the Officers involved in writing the report.

RESOLVED:

That the Audit and Governance Committee

- (1) Reviewed the draft Annual Report of the Audit and Governance Committee 2022/23;

- (2) Agreed the final version be presented at the next meeting of Council on 18 October 2023.

41 PROPOSED TERMS OF REFERENCE - AUDIT AND GOVERNANCE COMMITTEE

The committee received a verbal update that reported on the progress of the Terms of Reference Review Working Group.

The working group had met twice and were progressing through observations and comments suggested from the CIPFA review, along with Members suggestions for improvements.

The committee were informed that the working group aimed to bring the revised terms of reference to the December meeting of the Audit and Governance Committee; a briefing on the revised Terms of Reference could be provided to the wider Committee ahead of the meeting.

RESOLVED:

That the Audit and Governance Committee noted the verbal update on progress.

42 RECRUITMENT OF CO - OPTED INDEPENDENT MEMBER

The committee received an urgent update report from the Director of Governance and Compliance that provided details of progress on the recruitment of a co-opted independent member. The report requested that delegation be given to the working group to appoint in order to meet the original timeline of a decision at October 2023 Council

The committee were advised that interviews had taken place and a preferred candidate had been selected. In order to meet the original anticipated deadlines to confirm the appointment at Council in October, the Appointment Panel required delegated authority from the Audit and Governance Committee.

RESOLVED:

That the Audit and Governance Committee;

- (1) Noted the updated on progress
- (2) Agreed to delegate authority to the Appointment Panel to progress with the appointment of the preferred candidate
- (3) Agreed that the Appointment Panel be given delegated authority to recommend the preferred candidate directly to Council, subject to appropriate references being received.

43 WORK PROGRAMME

The committee considered the work programme for 2023/24 and noted the items due to be presented at the December meeting.

44 SECTION 106 KEY FINDINGS - INTERNAL AUDIT REPORT

The committee received a report from the Director of Governance and Compliance and Monitoring Officer that detailed the key findings from Internal Audit's review of arrangements for the management and monitoring of Section 106 (S106) agreements.

It was highlighted to the committee that the planning service had undertaken a wide-ranging review and had previously reported to Environment and Communities Committee on the work being undertaken. This Internal Audit report findings on S106 management would now be included in the ongoing review. Internal Audit completed an extensive review of the council's arrangements for the management and monitoring of Section 106 Agreements with the key findings of the review presented to the committee in Appendix 1 of the report.

The overall assurance opinion for this review determined as "No Assurance". This reflected that there are currently significant areas of risk which are not being managed effectively in relation to the effective and efficient use of S106 agreements and contributions. The audit report findings related to operational processes, governance, and a lack of strategic oversight in place for senior officers and service committees. It was proposed to the committee that "No Assurance" opinion reports are considered for inclusion in the council's Annual Governance Statement.

It was highlighted to the committee that the audit review had been a significant piece of work which had been very well supported by the Planning Team throughout the course of the Internal Audit work and Officers had proactively approached the recommendations.

A proposal was put to the committee to move to Part 2. This was seconded.

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 involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and public interest would not be served in publishing the information.

Following discussions, the committee moved back to open session to confirm their decisions.

RESOLVED:

That the Audit and Governance Committee;

- (1) Received the findings of the internal audit review on the arrangements for the management and monitoring of section 106 funds and noted the 'No Assurance' opinion with an initial progress report being provided to the Committee in March 2024, with a further update on the implementation of actions to be reported in 12 months time;
- (2) Considered and agreed that this item be included in the final Annual Governance Statement which will be presented to the committee in due course;
- (3) Agreed to write to the Environment and Communities Committee to seek an invitation for the Chair and Vice Chair of the Audit and Governance Committee and Chair & Vice Chair of the Finance Sub Committee to attend the first meeting of the Environment and Communities working group to relay the concerns of the Audit and Governance Committee
- (4) Agreed to request to the Chair and Vice Chair of the Environment and Communities Committee and Chair and Vice Chair of the Finance Sub Committee to request an urgent confidential meeting to discuss the findings of the S106 Internal Audit Review and agree oversight arrangements for monitoring the implementation of agreed actions.

Councillor Ken Edwards left the meeting at 12.30 pm and did not return.

Mr Jones left the meeting at 1.10 pm and did not return.

The meeting commenced at 10.00 am and concluded at 1.30 pm

Councillor M Beanland (Chair)