

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Monday, 24th February, 2025 in the Capesthorne Room, Macclesfield
Town Hall

PRESENT

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

Councillors S Adams, A Heler, C Hilliard, G Marshall, P Redstone, J Snowball
and Mr R Jones.

OFFICERS IN ATTENDANCE

Adele Taylor, Interim Executive Director of Resources and S151 Officer
Janet Witkowski, Acting Governance, Compliance and Monitoring Officer
Josie Griffiths, Head of Audit, Risk and Assurance
Michael Todd, Acting Internal Audit Manager
Paul Goodwin, Acting Director of Finance and Deputy S151 Officer
Tracey Baldwin, Principal Accountant
Nikki Bishop, Democratic Services Officer

ALSO IN ATTENDANCE

Hassan Rohimun, Ernst & Young (External Auditor)
Rae Mae Suzette Apolonio – Ernst & Young (External Auditor)

54 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Brian Drake and Mrs Jennifer Clark.

55 DECLARATIONS OF INTEREST

There were no declarations of interest.

56 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 5 December 2024 be approved as
a correct record and signed by the Chair.

57 PUBLIC SPEAKING TIME/OPEN SESSION

There were no registered speakers.

58 ACTION LOG

The committee received an update on the action log, summarised below:

- Audited Statement of Accounts and Annual Governance Statement Training: A briefing session had taken place with committee members on Tuesday 18 February 2025. Presentation slides had been circulated by email and would be added to the Audit and Governance Committee Teams Channel.
- S106 Update: a written response was being prepared and would be circulated to the committee as soon as possible.
- School Catering report to the Children and Families Committee: this matter was being investigated, and an update would be provided at the next committee meeting. The Monitoring Officer confirmed that the Constitution now made provision for dealing with cross-cutting issues however officers would need to further investigate this particular matter to understand what had gone wrong.
- Training Strategy for Members: a draft strategy had been developed and would be considered by the committee at its next meeting in March. The committee requested that the delivery method of e-learning be further considered as a number of members had issues completing mandatory training via the Learning Lounge. Democratic Services Officers would be present at the Full Council meeting on 26 February who would be able to assist members with any issues.
- A question was raised in relation to the action relating to good practice briefing notes. It was confirmed that a Teams Channel had been developed for the committee which contained a number of resources (guidance documents, presentations etc) to assist the committee. Officers asked members to review the content of the channel and feedback any areas/gaps they felt needed to be addressed.

59 EXTERNAL AUDITORS - AUDIT OF ACCOUNTS 2023-24

The committee considered the report which set out the latest draft Statement of Accounts 2023-24, an update on the Audit of Accounts 2023-24 and the Interim Completion Report from Ernst and Young (EY), the council's external auditors. The committee noted that legislation had been introduced relating to back-stop dates for local authorities to publish audited accounts (28 February 2025 for 2023-24). EY confirmed that they had not been in a position to obtain sufficient evidence to be able to conclude that the financial statements of the council were free from material and pervasive misstatement before the backstop date and had therefore anticipated issuing a disclaimed 2023-24 audit opinion. However, EY had also received four objections, from a local elector, on the 2023-24

financial statement and until these had been considered by EY, the final external audit opinion could not be given.

It was noted that the appointment of EY as the council's external auditor had been a late appointment and that the 2023-24 audit did not commence until October 2024.

EY presented their interim findings to committee. Significant weaknesses were identified in the council's arrangements relating to the financial sustainability. The council's Medium-Term Financial Strategy (MTFS) was not sustainable without central government support and therefore, the council was at risk of issuing a S114 notice in the future.

Further significant weaknesses in arrangements for 2023-24 were noted in the following areas:

- Ofsted Inspection Report: the findings of the Ofsted and improvement notice issued by the Secretary of State was evidence of significant weaknesses in arrangements.
- Corporate Challenge Peer Review: the Peer Review identified a number of significant issues and proposed a series of recommendations. The council's subsequent action plan identified 73 actions and whilst the council was responding positively to the issues identified, the findings of the peer review represented significant weaknesses in arrangements for 2023-24.
- Head of Internal Audit Opinion: During 2023-24, the Head of Internal Audit concluded that the overall opinion on the council's framework of risk management, governance and internal control was 'Limited'. The findings of the report provided evidence of significant weakness in arrangements.
- Annual Governance Statement 2023-24: The AGS identified that there were arrangements in place for the council to identify governance issues and to establish plans to address relevant areas. However, the AGS identified weakness in arrangements for 2023-24 in respect of partnership working.

The committee noted the 2024-25 backstop date (28 February 2026) and were pleased that colleagues from EY would be meeting the council's finance team to ensure that both EY and the council were prepared for the 24-25 audit. This preparation will include reviewing the data and information required by the new auditors, and how it is extracted and shared in a format that best meet the needs of EY.

The committee raised concerns in relation to bank reconciliations which had not been prepared on a regular basis during 2023-24 and agreed that timely complete of bank reconciliations was a fundamental control measure that should be completed monthly. It was confirmed that reconciliations were now completed as a matter of routine and were up to date for 2024-25. The committee were pleased to note that a number of permanent positions within the finance team had recently been filled.

The committee sought further information relating to the four objections that had been received. EY confirmed that the objections received related to governance and until these objections had been formally considered, work on the 2023-24 audit could not be concluded. It was anticipated this work would be completed, in March. The findings of the review of objections would then be shared with the objector and council, who would have an opportunity to respond before the final opinion is issued. The findings of the review would be shared with the Public Sector Audit Appointments Ltd, for information. It was noted that the disclaimed opinion on the 2023/24 accounts would have effects on the audit reporting for the following two years of accounts, after which the council would expect to receive unqualified audit opinions again.

RESOLVED:

That the Audit and Governance Committee

1. Note the latest Draft Statement of Accounts for 2023/24 (Appendix B) – reflecting the revisions in relation to IAS19 Pensions (December 2024).
2. Note the Interim Audit Completion Report (Appendix A) for the year ending 31 March 2024.
3. Note that the management responses to the Interim Audit Completion Report will be reported to the Committee at the next available opportunity.
4. Note that the Interim Executive Director of Resources (S151) is required to publish a statement of explanation on the Council's website by the backstop date 28 February 2025.

60 ANNUAL GOVERNANCE STATEMENT 2023-24

The committee considered the draft Annual Governance Statement 2023-24 and the updates that had been made since the last update to the committee in December 2024. The Chair requested that, should any member of the committee have any further comments on the 2023-24 AGS, that these are shared with officers as soon as possible.

RESOLVED:

That the committee noted the draft Annual Governance Statement 2023-24.

61 INTERNAL AUDIT PLAN 2024-25 - PROGRESS UPDATE

The committee considered the report which provided an update on the work undertaken by Internal Audit between April and December 2024,

along with an overview of planned work for the remainder of the financial year and how this would contribute to the Annual Internal Audit Opinion.

It was highlighted the positive progress was being made in relation to the implementation of agreed audit actions. 75% of all actions due have now been implemented compared to 49% at the end of the previous financial year. The committee welcomed this positive progress which provided assurance that the follow-up process was becoming more established. Since the publication of the report, a further 10 actions had been completed.

It was requested that the tables/RAG ratings used within the report provide a more detailed breakdown, highlighting those actions identified as high/medium/low priority.

The committee welcomed the report and were pleased to note the support received by the council's Corporate Leadership Team.

RESOLVED:

That the Audit and Governance Committee note the report and the update provided.

62 WORK PROGRAMME

The committee considered the Work Programme. It was noted that the 6 March 2025 meeting had been moved to 31 March 2025.

It was agreed that a date for the Member Working Group: Whistleblowing Policy, would be scheduled once feedback had been received from the Brighter Futures Champions Group.