

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 29th May, 2025 in the The Capesthorne Room - Town Hall,
Macclesfield SK10 1EA

PRESENT

Councillor M Beanland (Chair)
Councillor B Drake (Vice-Chair)

Councillors R Fletcher, A Heler, C Hilliard, P Redstone, M Sewart (sub for Cllr Adams), J Snowball, R Jones and J Clark

VISITING MEMBERS

Cllr C O'Leary

OFFICERS IN ATTENDANCE

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

ALSO IN ATTENDANCE

Hassam Rohimun, Ernst & Young LLP (external auditor)

1 APOLOGIES FOR ABSENCE

Apologies were received from Councillor S Adams and Councillor L Braithwaite. Councillor M Sewart was present as substitute.

It was noted that Councillor P Redstone would arrive late.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 31 March 2025 be agreed as a correct record and signed by the Chair.

4 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public registered to speak.

5 ACTION LOG

The committee received an update on the action log. The following was noted:

- Updated Global Internal Audit Standards: It was confirmed that a briefing to update the committee on the new standards would be arranged once the final version of the external assurance report on internal audit had been completed. Officers committed to following this up and clarifying timescales.
- Compliance with the Procurement Act 2023: It was agreed that the comments from the committee in relation to the council's compliance with the Procurement Act 2023 would be taken into consideration during the next review of the 2025-26 Internal Audit Plan.

RESOLVED:

That the action log and updates provided be noted.

6 PROVISIONAL AUDIT PLANNING REPORT OF ERNST & YOUNG LLP - 2024/2

The committee considered the report which provided the basis for the committee to review the proposed audit approach and scope for the 2024-25 external audit.

Mr H Rohimun - External Auditor, Ernst & Young LLP (E&Y), presented the report to the committee and summarised E&Y's evaluation of the key issues driving the development of an effective audit.

An update was provided on the measures introduced to address the backlog of publishing audited financial statements and to reform the local audit system. A disclaimed audit opinion on the 2023-24 financial statements was anticipated as a result of insufficient assurance over the closing balances in 2023-24. As a result, E&Y would not have sufficient assurance over the opening balances for 2024/25 and it was anticipated that a disclaimed audit opinion would also be given for 2024-25. Guidance was awaited from the National Audit Office and Financial Reporting Council which would ensure a consistent approach was undertaken to restoring assurance for disclaimed periods. The committee queried the ongoing issues relating to closing and opening balances. It was confirmed that work would be undertaken to rebuild assurance in this area.

It was highlighted that previously, there had been issues with the readability of transaction files and the committee sought assurance that should an issue arise during sampling scheduled for later in the year, that this would be resolved quickly as this was a major requirement of an effective audit. It was confirmed that no issues had been identified to date, but any concerns would be raised with management to look at and address. Any significant matters would be reported back to the Audit and Governance Committee.

It was requested that the External Auditors 'Value for Money Statement' be added to the Committee Work Programme at the earliest opportunity.

It was reported that group materiality for 2024-25 had been set at £9.1m. This represented the group's 2023-24 gross expenditure on provision of services. The committee were asked to confirm its understanding, and agreement to, the materiality and reporting levels. This was formally proposed, seconded and subsequently carried unanimously.

RESOLVED (unanimously):

That the Audit and Governance Committee

1. Note the Provisional Audit Planning report by Ernst & Young (LLP) for 2024/25 and that following completion of their planning procedures, Ernst & Young will update the Committee on any changes in identified audit risks.
2. Agree its understanding of, and approval of, the materiality and reporting levels, as set out within the external auditors report.

7 INTERNAL AUDIT UPDATE - PROGRESS AGAINST INTERNAL AUDIT PLAN 2024-25

The committee considered the report which provided an update of the work undertaken by Internal Audit between April 2024 and March 2025.

The committee noted that significant improvement had been made in the implementation of agreed audit actions with 94% of actions being implemented during 2024-25 compared to 49% during the previous financial year. It was highlighted that a full review had been undertaken to assess how internal audit actions were raised to ensure actions were more succinct and smarter. Actions had also been broken-down, so that where one element of an action had been completed, this could be subsequently 'closed down'. The follow-up process on agreed internal audit actions had also changed and was now done on a monthly basis. This had been helpful in identify issues early-on. Support and increased engagement from action-owners and the Corporate Leadership Team had had a positive impact on progress. The committee thanked the Internal Audit team for their work.

Councillor P Redstone arrived at 11.20am

The committee noted the ongoing internal audit assignments as at 31 March 2025 and queried the anticipated 'Limited' assurance rating in relation to the 'Leavers – equipment/system access' audit. It was clarified that the scope of this audit had been much wider than just system access and included matters such as the return of car parking passes, laptops, mobile phones etc. Any significant issues would be raised immediately with management to be addressed, rather than waiting for the final audit report.

It was queried why the audit work in the Adults, Health and Integration service had not increased, given the budget pressures facing this area. It was clarified that two audits were planned for 2025-26 in relation to the implementation of the Adult Social Care Charging Policy and Adults Direct Payments. These had not been prioritised for 2024-25 as these were new systems/processes that had not yet been fully implemented. Delaying these audits to allow internal audit to provide assurance as to whether the intended improvements had been achieved.

The committee queried the audit in relation to officer decision records. It was confirmed that the completion of this audit had been delayed due to additional testing being carried out. The report would be reviewed by the Head of Audit, Risk and Assurance and the Monitoring Officer who would look at the report in context with a number of other key workstreams underway in relation to governance and decision-making (including training and report writing). It was confirmed that a complete review of the ODR process and delegated authority (both to officers as set out within the Constitution and delegated authority from Committees) would be needed to ensure that officers and members fully understood the process however the first step would be to receive the audit report and its recommendations.

In relation to the Accounts Payable audit report which reviewed the processes and controls in place for the area of Unit4, it was agreed that the one-page summary would be shared with committee members following finalisation of the report.

RESOLVED:

That the briefing report be received and noted.

8 RECRUITMENT OF CO-OPTED INDEPENDENT MEMBERS

The committee considered a report in relation to the term of office for its co-opted independent members. It was noted that the term of office for one co-opted independent member was due to conclude in April 2026.

The committee considered the proposal to extend the co-opted independent member's term of office to October 2027, to be co terminus

with the second co-opted independent members term of office – which would end in October 2027.

It was proposed, seconded and subsequently carried unanimously that the committee support the above recommendation. The committee thanked the co-opted independent members for their work which was extremely valued.

Mr R Jones, co-opted independent member, took the opportunity to thank the committee for their confidence.

RESOLVED:

That the Audit and Governance Committee

1. Recommends to Full Council that the current co-opted post holder's term of office be extended to October 2027.

9 WORK PROGRAMME

Councillor C O'Leary addressed the committee as a visiting member and reiterated earlier points made in relation to officer decisions and the importance of the council undertaking an audit of officer decisions and the management of delegated authority given to officers by committees. Cllr O'Leary stated the importance of there being consistency between committees and elected members knowing exactly what decisions they were making and what was being delegated. Finally, Cllr O'Leary highlighted the importance of the council complying with legal obligations to publish officer decisions. In response, the Monitoring Officer confirmed that there would be a full review of officer decisions, and that training underway would seek to ensure that all reports and recommendations to committees were much clearer, so that members fully understood the implications of any decisions made / delegations given. Further work was underway to develop the working relationship between officers and members and training and development sessions would be arranged to support members and officers working together on such matters.

The committee considered the Work Programme and noted the following:

- Member Training Plan/Strategy: it was noted that this would come to the July Committee for consideration. A draft had been circulated to the committee for comments. The Chair urged all committee members to respond as soon as possible.
- External Audit Value for Money report to be added to the Work Programme for the committee's December meeting.
- Whistleblowing Policy – it was noted that this would be considered by the committee in July, and subject to committee approval, be recommended to the October Full Council meeting.

RESOLVED:

That the Work Programme be received and noted.

The meeting commenced at 10.30 am and concluded at 12.03 pm

Councillor M Beanland (Chair)