

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Tuesday, 31st January, 2012 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor J Hammond (Chairman)

Councillors S Corcoran, R Fletcher, S Hogben, A Kolker, D Marren, A Moran,
M J Simon and M J Weatherill

Officers

Lisa Quinn, Director of Finance and Business Services
Julie Openshaw, Deputy Monitoring Officer
Joanne Wilcox, Corporate Finance Lead
Jon Robinson, Internal Audit
Neil Taylor, Internal Audit
Rose Raine, Freedom of Information Officer
Julie Gibbs, Data Protection Officer
Vivian Quayle, Head of Performance and Capacity
Joanne Butler, Risk and Business Continuity Officer
Rachel Graves, Democratic Services Officer

Audit Commission

Judith Tench
Andrea Castling

25 APOLOGIES FOR ABSENCE

Apologies were received from Councillor M Hardy.

26 DECLARATIONS OF INTEREST

Councillor R Fletcher declared a personal interest in Item 9 – Compliance with Data Protection Act 1998, Freedom of Information Act 2000 and Environmental Regulations 2004, as his daughter worked for the Information Commissioner's Office.

27 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

28 MINUTES OF PREVIOUS MEETING

RESOLVED:

The minutes of the meeting of 29 September 2011 be approved as a correct record.

29 ANNUAL AUDIT LETTER

The Committee considered a report summarising the Audit Commission findings from the 2010-11 audit.

The Annual Audit Letter summarised the Audit Commission findings from the audit and covered two elements: the audit of the Council's financial statements and an assessment of the Council's arrangements to achieve value for money in the use of resources. The report also identified current and future challenges, and future audit arrangements.

Judith Tench and Andrea Castling (Audit Commission) were in attendance and spoke to the report, highlighting key issues.

RESOLVED:

That the Annual Audit Letter for 2010-11 be received.

30 AUDIT PLAN 2011-12

The Committee considered a report regarding the Audit Plan, which set out the work that the Audit Commission proposed to undertake for the audit of financial statements and the value for money conclusion 2011-12. The Audit Plan also specified the level of audit fees.

Judith Tench and Andrea Castling (Audit Commission) were in attendance and spoke to the report.

The Audit Plan was based on the Audit Commission's risk-based approach to audit planning and reflected the audit work specified by the Audit Commission for 2011-12, current national risks relevant to the authority's local circumstances, and local risks.

RESOLVED:

That the Audit Plan for 2011-12, as set out in Appendix A of the Report, be received.

31 AUDIT COMMITTEE UPDATE

The Committee considered a report on the progress of the Audit Commission in delivering their responsibilities as external auditors. The

report included an update on the externalisation of the Audit Practice and also highlighted key emerging national issues and developments.

Judith Tench (Audit Commission) was in attendance and spoke to the report, highlighting key issues.

The Report highlighted five Key Considerations for the Committee to consider in respect of the issues highlighted. The Director of Finance and Business Services confirmed to the Committee that the Council had considered the Work in Progress and Tough Times reports and made use of the VFM profiles and the workforce and agency worker expenditure tools were being considered by HR. Whilst the Council had not used the single person discount comparator, it had had carried out a single persons discount audit which found 2000 people had wrongly claimed the discount. The Council had reviewed its Anti-Fraud and Corruption arrangements using the CIPFA guidance and school governors were to be provided with a fraud briefing. All Members of the Council had received a copy of the DCLG's plain english guide to the Localism Act, as well as a briefing note produced by the Council and had been invited to attend a seminar run by Hill Dickinson LLP.

RESOLVED:

That the Report be received.

32 STATEMENT OF ACCOUNTS FOR 2011-12: PROGRESS REPORT

The Committee considered a report on progress with the preparation of the Statement of Accounts for 2011/12.

The Annual Audit Letter contained a number of recommendations to improve the closure of accounts process for 2011-12. The Finance Team had met with the Audit Commission to review the accounts and audit process in November and had agreed an improvement plan. Appendix 1 to the Report detailed the progress to date with the Final Accounts Action Plan.

RESOLVED:

That the progress on the preparations for producing the Statement of Accounts for 2011-12 be noted.

33 COMPLIANCE WITH DATA PROTECTION ACT 1998, FREEDOM OF INFORMATION ACT 2000 AND ENVIRONMENTAL REGULATIONS 2004

The Committee considered a report which detailed how the Council fulfilled its obligations under the Data Protection Act 1998, Freedom of Information Act (2000) and the Environmental Information Regulations

(2004). The report also highlighted volumes of requests, trends, and current and future issues.

RESOLVED:

That the processes in place to ensure the Council complies with the relevant legislation be noted.

34 ANNUAL GOVERNANCE STATEMENT (AGS) - 2011/12 PROCESS AND UPDATE ON 2010/11 ACTION PLAN

The Committee considered a report on the progress to date against the Annual Governance Statement for 2010-11 and the production of the Annual Governance Statement for 2011-12.

The Accounts and Audit Regulations 2011 required the Council to produce an Annual Governance Statement and it was good practice to agree the process with Members in advance. Appendix A to the Report detailed the proposed process for the production for the 2011-12 Annual Governance Statement.

Progress on the 2010-11 Annual Governance Statement Action Plan was reported in Appendix B to the Report.

RESOLVED: That

- (1) the process for the production for the 2011-12 Annual Governance Statement be endorsed; and
- (2) the progress against the 2010-11 Annual Governance Statement be noted.

35 COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS

The Committee considered a report setting out a response to a request from the Audit Commission for information regarding management arrangements for identifying and reporting risk of fraud and complying with the relevant laws and regulations.

RESOLVED:

That it be noted that Appendix A to the Report will form the basis of the written response to the Audit Commission by the Chairman of the Audit and Governance Committee and the Director of Finance and Business Services.

36 INTERNAL AUDIT 2011/12 INTERIM REPORT

The Committee considered a report on progress against the Internal Audit Plan 2011-12, revisions to the plan and a summary of the work undertaken

during the second and third quarters of 2011-12. Full details were set out in Appendix A to the Report.

RESOLVED: That

- (1) the issues identified in Appendix A to the Report be noted; and
- (2) the approach identified to achieving adequate audit coverage in the remainder of 2011-12 be endorsed.

37 RISK MANAGEMENT UPDATE REPORT

The Committee considered a report summarising the Key Corporate Risks (KCRs) and risk management work undertaken since the previous report.

Since the previous report, the overall risk ratings for KCR6 (Equality Gap) had increased to a 12 high risk and KCR9 (Education) had increased to 9 medium risk. The overall risk rating for KCR15 (Reputation) had decreased from 12 high risk to 9 medium risk. The definition and title of KCR13 (Organisational Change) had been updated to reflect current thinking and the overall risk rating reduced to 8 medium risk.

KCR 17 (Industrial Action) materialised as an issue at the end of November, so had been removed as a risk from the Corporate Risk Register.

It was proposed by the Committee that all reports to Council, Cabinet and Committees should include the risk matrix score in the Risk Assessment paragraph to ensure that management of risks was being considered effectively.

RESOLVED: That

- (1) the report be noted; and
- (2) the Risk Assessment paragraph in all Committee reports to include the risk matrix score.

38 WORK PLAN

The Committee considered an updated Work Plan.

To assist Members in reviewing the Work Plan, the report included details of specific areas of activity that could be included in the Plan.

Members noted that a number of changes had been made to the Work Plan since the previous meetings:

- 1 Reports had been included for this meeting on:
 - Annual Audit Letter
 - Closure of Accounts 2011-12
- 2 The outcomes of a review of the Anti Fraud and Corruption Strategy and the measures designed to prevent fraud would be reported to the March Committee
- 3 The Chairman's Annual Report would be included in the agenda for the September Committee
- 4 An end of year report on Business Continuity would be presented to the March Committee

It was requested that a report on the budget provision and the amount of expenditure already incurred on the waste site at Lyme Green be added to the Work Plan.

RESOLVED: That

- (1) the Work Plan, and changes made to it since the last meeting, be noted;
- (2) a report on the budget expenditure for the waste site at Lyme Green be added to the Work Plan for the next meeting; and
- (2) it be noted that the Work Plan will be resubmitted to the Committee periodically for further development and approval.

The meeting commenced at 2.00 pm and concluded at 4.30 pm

Councillor J Hammond (Chairman)