

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 14th March, 2019 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor G Baxendale (Chairman)
Councillor M Sewart (Vice-Chairman)

Councillors S Corcoran, T Dean, P Groves, M Hardy, A Kolker, N Mannion,
G Merry and A Stott

Independent Co-opted Member

Mr P Gardener

Councillor in attendance

Councillors P Bates

Officers in attendance

Frank Jordan, Executive Director of Place and Acting Deputy Chief Executive
Mark Taylor, Interim Executive Director of Corporate Services
Deborah Nickson, Legal Team Manager
Alex Thompson, Head of Finance and Performance (Section 151 Officer)
Michael Todd, Principal Auditor
Josie Griffiths, Principal Auditor
Juan Turner, Compliance and Customer Relations Officer (minute 75 only)
Lianne Halliday, Senior Manager – Procurement (minutes 77 and 79 only)
Rachel Graves, Democratic Services Officer

65 APOLOGIES FOR ABSENCE

There were no apologies for absence.

66 DECLARATIONS OF INTEREST

No declarations of interest were made.

67 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

68 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 6 December 2018 be approved as a correct record.

69 UPDATE ON THE 2018/19 EXTERNAL AUDIT PLAN

Gareth Davies of Mazars presented an update on the 2018/19 External Audit Plan.

Work had been undertaken to on the documentation of controls in the Council's key financial systems and detailed audit work had commenced on the 2018/19 VFM conclusion.

RESOLVED:

That the Update on the 2018/19 External Plan be received.

70 CERTIFICATION REPORT 2017/18

The Committee considered a report which provided a summary of key findings that had been identified during the External Auditor's certification process for 2017/18 claims and returns.

A copy of the Certification Letter for the Housing Benefits Subsidy claim had been appended to the report. Grant Thornton had not identified any errors which required extending testing or reporting to the DWP.

REOSLVED:

That the Certification Letter for the Housing Benefits Subsidy claim be received.

71 MEMBERS CODE OF CONDUCT: STANDARDS REPORT

The Committee considered the reports which detailed the number and status of Member Code of Conduct complaints received in relation to Cheshire East Councillors and Town and Parish Councillors during the period 1 September 2018 to 28 February 2019.

The report broke down complaints received with regard to the number of complaints made against Cheshire East Councillors and Town and Parish Councillors; the paragraph of the code alleged to have been breached and the outcome of each complaint, where completed.

RESOLVED:

That the reports be noted.

72 PROCEDURAL ADVICE

The Interim Executive Director of Corporate Services informed the Committee that there was a Member Code of Conduct complaint that would be required to be heard by the Hearing Sub Committee.

The Hearing Sub Committee would be made up of three members from the pool of 15 members plus an Independent Person. Training would be provided before the Sub Committee met.

73 INTERNAL AUDIT INTERIM REPORT

The Committee considered a report on the progress against the Internal Audit Plan 2018/19 and received the updated Internal Audit Charter for approval.

A number of changes to the Internal Audit Charter Chapter 6 – Organisation, were reported to the Committee, which had come about due to the restructure of Corporate Services. These being:

- 1 Amend paragraph 6.1 to read
“The Head of Audit and Risk will report functionally to the Audit and Governance Committee and administratively (i.e. day to day operations) to the Director of Governance and Compliance.”
- 2 amend paragraph 6.2 to read
“The Director of Governance and Compliance will be responsible for ensuring that the Head of Audit and Risk is managed in accordance with the Council’s HR Policies and Procedures.”
- 3 insert an extra paragraph as follows after paragraph 6.5 and renumber remaining paragraphs
“6.6 The Head of Audit and Governance will have direct access to the Council’s Section 151 Officer who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972 for ensuring an effective system of internal financial control and proper administration of the Council’s affairs.”
- 4 new number paragraph 6.8 amend the job title ‘Corporate Manager’ to ‘Head of Audit and Risk’.

The Committee sought clarification on when the Head of Audit and Risk would be appointed and in response were informed the position would be advertised shortly and it was hoped that they would be in post by end of June.

RESOLVED: That

- 1 the Internal Audit Progress report be noted; and
- 2 the updated Internal Audit Charter be approved.

74 INTERNAL AUDIT PLAN 2019/20

The Committee received the draft Internal Audit Plan 2019/20 for approval.

The report detailed the key themes that had emerged which included:

- providing assurance that previously identified significant control weaknesses have been effectively and efficiently addresses and improved
- providing assurance on the progress and nature of improvement activity across Procurement, Commissioning and Contract Management
- reviewing key delivery areas associated with high value financial values and high level customer interaction

The Committee suggested that the New Homes Bonus Grants scheme should be included in the Place audit work.

RESOLVED: That

- 1 the Internal Audit Plan 2019/20 be approved; and
- 2 note that the plan will be developed and refined throughout the forthcoming year as a number of factors progress and the impact on the current structure and level of resource become known.

75 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – SEPTEMBER – NOVEMBER 2018

The Committee considered a report on the Decision Notices issued by the Local Government Ombudsman between 1 September and 30 November 2018.

It was reported that three Decision Notices had been issued which concluded that there had been maladministration causing injustice – details of which were set out in Appendix 1 to the report.

RESOLVED:

That the report be noted.

76 THE AUDIT AND GOVERNANCE COMMITTEE WORK PLAN

Consideration was given to the Committee's Work Plan for 2018/19.

Council, at its meeting on 13 December 2018, had approved the Committee's updated Terms of Reference and the Work Plan had been updated to align with these Terms of Reference.

It was noted that the Risk Management Update, scheduled for this meeting, had been deferred to a future meeting.

It was proposed that an Annual Monitoring Officer report be brought to the Committee. The report would provide assurances on a number of the Monitoring Officer's statutory responsibilities over the previous financial year. Appendix B to the Report set out an outline of content for the annual report.

It was suggested that the Members Code of Conduct be added to the work programme to review what information was included in the report to the Committee and if necessary amend the Committee's Terms of Reference.

RESOLVED: That

- 1 the Work Plan be approved and that it be brought back to the Committee throughout the year for further development and approval; and
- 2 an Annual Monitoring Officer report be developed and included in the Work Plan.

77 CONTRACT PROCEDURE RULE NON-ADHERENCES

The Committee consider a report on the number and reasons for Waivers and Non-Adherences (WARNs) which had been approved between 1 October 2018 and 31 January 2019.

RESOLVED:

That the report be noted.

78 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 as amended on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1, 2 and 3 of the Schedule 12A of the Local Government Act 1972 and the public interest would not be served in publishing the information.

79 CONTRACT PROCEDURE RULES NON-ADHERENCES

RESOLVED:

That the WARNs be noted.

The meeting commenced at 2.00 pm and concluded at 3.28 pm

Councillor G Baxendale (Chairman)