

# Audit and Governance Committee Agenda

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**Date:** Thursday 30th May 2019  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the top of each report.

It should be noted that Part 1 items of Cheshire East Council decision making meetings are audio recorded and the recordings are uploaded to the Council's website.

## **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

1. **Apologies for Absence**
2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

3. **Public Speaking Time/Open Session**

In accordance with paragraph 2.32 of the Committee Procedural Rules and Appendix 7 to the Rules a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relevant to the work of the body in question.

Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

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For requests for further information

**Contact:** Rachel Graves

**Tel:** 01270 686473

**E-Mail:** [rachel.graves@cheshireeast.gov.uk](mailto:rachel.graves@cheshireeast.gov.uk) with any apologies

4. **Minutes of Previous meeting** (Pages 5 - 10)

To approve the minutes of the meeting held on 14 March 2019 as a correct record.

5. **Terms of Reference** (Pages 11 - 16)

For Members' information the Committee's terms of reference, as set out in the Constitution, are attached.

6. **External Audit 2018/19 Progress and Update** (Pages 17 - 32)

An receive an update on the External Audit work for 2018/19.

7. **Maladministration Decision Notices from Local Government and Social Care Ombudsman – December 2018 – February 2019** (Pages 33 - 40)

To consider and note a report on the Decision Notices issued by the Local Government and Social Care Ombudsman (LGSCO) when their investigations have found maladministration causing injustice to complainants.

8. **Audit and Governance Hearing Sub Committee**

To receive a verbal update on the requirement to arrange a Hearing Sub Committee to consider a standards matter.

9. **Committee Work Plan** (Pages 41 - 56)

To consider the forthcoming Work Plan for 2019/20, to ensure comprehensive coverage of the Committee's responsibilities.

10. **Contract Procedure Rule Non-Adherences** (Pages 57 - 62)

To receive an update on the quantity and reasons for non-adherences approved between the period 1 February 2019 to 30 April 2019.

11. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide 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 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

**PART 2 - MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS  
PRESENT**

**12. Contract Procedure Rule Non-Adherences**

To note the approved WARNs issued between 1 February 2019 and 30 April 2019.

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**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.

**RESOLVED:**

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)

*Committees***Audit and Governance Committee****Membership: 11 Members**

- 103 The success of the Audit and Governance Committee depends upon its ability to remain apolitical. It must adopt a non-political approach to its meetings and discussions at all times. Remaining apolitical also places a duty on members not to make inappropriate use of information provided to the Committee for other purposes.
- 104 The Committee is composed of 11 Members, comprising 10 members of the Council and one independent voting member (a member who is not a Councillor) with the Chairman and Vice-Chairman being appointed at full Council. The co-option of an independent member is intended to bring additional knowledge and expertise to the Committee and reinforce its political neutrality and independence. To ensure that the Committee remains focussed on its assurance role, all members of the Committee, and any designated substitute, must be appropriately trained.

**Statement of Purpose**

- 105 The Audit Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 106 It provides an independent assurance to the Council of the adequacy of the risk management framework and the internal control environment.
- 107 It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.
- 108 It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 109 It promotes high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).

## *Committees*

### ***Governance, risk and control***

- 110 To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- 111 To review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 112 To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.
- 113 To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 114 To monitor the effective development and operation of risk management in the council.
- 115 To monitor progress in addressing risk related issues reported to the committee.
- 116 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions, including calling managers to explain lack of progress.
- 117 To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- 118 To monitor the counter-fraud strategy, actions and resources.
- 119 To review the governance and assurance arrangements for significant partnerships or collaborations.
- 120 To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

### ***Internal Audit***

- 121 To approve the internal audit charter.

*Committees*

- 122 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations
- 123 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 124 To approve significant interim changes to the risk-based internal audit plan and resource requirements
- 125 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 126 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 127 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
- a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
  - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
  - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
- 128 To consider the head of internal audit's annual report:
- a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
  - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these

*Committees*

will assist the committee in reviewing the Annual Governance Statement.

- 129 To consider summaries of specific internal audit reports as requested.
- 130 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 131 To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 132 To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- 133 To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

***External Audit***

- 134 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 135 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

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- 136 To consider specific reports as agreed with the external auditor.
- 137 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 138 To commission work from internal and external audit.
- 139 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

*Committees*

***Financial Reporting***

- 140 To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 141 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

***Accountability Arrangements***

- 142 To report to those charged with governance on the committee's findings conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
- 143 To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 144 To publish an annual report on the work of the committee.

***Related Functions***

- 145 To approve and monitor Council policies relating to whistleblowing and anti-fraud and corruption.
- 146 Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.
  - (a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.
  - (b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.

*Committees*

***Working Groups***

- 147 The Committee may establish standing and time-bound working groups (which may but need not be politically balanced) to consider any matters within the terms of reference of the Committee.

***Standards Arrangements***

- 148 The Committee is responsible for the Council's standards arrangements which seek to:
- (a) promote high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity);
  - (b) ensure that Members receive advice and as appropriate on the Members Code of Conduct; and
  - (c) grant dispensations under the provisions of the Localism Act 2011 to enable a member or co-opted Member to participate in a meeting of the Authority.
- 149 Council on 22nd October 2015 approved a procedure to be followed when considering a complaint that an elected member of the Council or of a town or parish council within its area has failed to comply with the Council's Code of Conduct. The full procedure is available from the Monitoring Officer.

***Hearing Sub Committee***

- 150 The Hearing Sub-committee is a Sub-Committee of the Council's Audit and Governance Committee appointed to consider complaints under the procedure referred to in Chapter 4, Part 1, Paragraph 28 of the Constitution. It has 3 members drawn from a cross party panel of 15 members of the Council. An Independent Person is invited to attend all meetings of the Hearing Sub-committee and his/her views are sought and taken into consideration before the Hearing Sub-committee takes any decision on whether the member's conduct constitutes a failure to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.
- 151 The Independent Person is a person who has applied for the post following advertisement. He/she is appointed by Council.



*Working for a brighter future together*

## **Audit & Governance Committee**

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**Date of Meeting:** 30 May 2019

**Report Title:** External Audit 2018/19 Progress and Update

**Senior Officer:** Alex Thompson, Head of Financial Support & Procurement  
(Acting Section 151 Officer)

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### **1. Report Summary**

1.1. An update on the external audit for 2018/19 is set out in Appendix 1.

### **2. Recommendation/s**

2.1. That Members note the update report.

### **3. Reasons for Recommendation/s**

3.1. The Audit Progress report sets out the work that the Council's Auditors, Mazars have completed to date, as part of their statutory audit on the Council's financial statements and arrangements for securing value for money.

### **4. Other Options Considered**

4.1. Not applicable

### **5. Background**

5.1. Mazars have been appointed as the Council's independent external auditors. Their annual work programme is set in accordance with the Code of Audit Practice issued by the Audit Commission and includes nationally prescribed and locally determined work.

5.2. The report sets out progress to date on the 2018/19 audit and national publications of interest.

### **6. Implications of the Recommendations**

#### **6.1. Legal Implications**

- There are no legal implications identified.

#### **6.2. Finance Implications**

- The audit fees will be met from within the revenue budget.

**6.3. Policy Implications**

- There are no policy implications identified.

**6.4. Equality Implications**

- There are no equality implications identified.

**6.5. Human Resources Implications**

- There are no human resources implications identified.

**6.6. Risk Management Implications**

- Mazars will complete a risk based audit whereby they will focus audit effort on those areas where they have identified a risk of material misstatement in the accounts.

**6.7. Rural Communities Implications**

- There are no direct implications for rural communities.

**6.8. Implications for Children & Young People / Cared for Children**

- There are no direct implications for children and young people.

**6.9. Public Health Implications**

- There are no direct implications for public health.

**7. Ward Members Affected**

7.1. Not applicable.

**8. Access to Information**

8.1. The background papers relating to this report can be inspected by contacting the report writer.

**9. Contact Information**

9.1. Any questions relating to this report should be directed to the following officer:

Name: Joanne Wilcox

Job Title: Financial Strategy and Reporting Manager

Email: [Joanne.wilcox@cheshireeast.gov.uk](mailto:Joanne.wilcox@cheshireeast.gov.uk)

# Audit Progress Report

Cheshire East Council

May 2019





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1. **Audit progress**
2. **National publications**

This document is to be regarded as confidential to Cheshire East Council. It has been prepared for the sole use of the Audit Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

# 1. AUDIT PROGRESS

## Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors.

## Audit progress

Since the Committee last met we have:

- Completed our detailed interim audit work including:
  - Obtaining documentation of controls in the Council's key financial systems, including undertaking walkthrough testing of key controls to confirm our understanding of those systems; and
  - Testing transactions through the year to date to reduce the level of testing required at the final audit visit, and provide interim assurance on the material correctness of income and expenditure.
- Met with finance staff to clarify our requirements and expectations in respect of our 2018/19 final audit visit;
- Issued our 'Client Deliverable List' to the finance team, setting out the expected working papers and supporting information required to complete our final audit visit;
- Continued our detailed audit work for our 2018/19 VFM conclusion; and
- Held ongoing liaison discussions with Internal Audit colleagues as part of our approach to maintain an accurate understanding of the Council for our 2018/19 audit.

Our detailed audit work will continue with our final audit visit which commences on 17 June 2019.

Our work is on track, and there are no significant matters arising from our work that we are required to report to you at this stage.

## 2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
<b>National Audit Office (NAO)</b>			
1	<b>Planning for new homes</b>	Overall assessment that planning system not working effectively.	6
2	<b>Building Public Trust Awards – good practice in annual reports 2017-18</b>	Examples of good practice in annual reports	6
3	<b>Guidance for audit committees on cloud services</b>	Guidance on use of cloud services	7
4	<b>Framework to review programmes</b>	Questions to ask when reviewing major programmes and projects	7
5	<b>Round-up for Audit Committees</b>	Summary of NAO publications for Audit Committees	7
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>			
6	<b>An introductory guide to Local Government Finance</b>	Updated guide which may be of interest to Members.	8
7	<b>CIPFA Bulletin 03 Closure of the 2018/19 Financial Statements</b>	Clarification of issues relating to the 2018/19 financial statements	8
8	<b>Local Authority Capital Accounting - A Reference Manual for Practitioners</b>	Practitioners guide to capital accounting	8
9	<b>The Guide To Local Government Finance</b>	Introductory guide to local government finances	9
10	<b>Social Care Statistics 2017/18 Actuals</b>	Analysis of adult social care expenditure	9
11	<b>Code Of Practice On Local Authority Accounting In The United Kingdom 2019/20</b>	Accounting requirements for 2019/20	10
12	<b>An Introductory Guide to Housing Finance in England and Wales</b>	Introductory guide to Housing Finance	10
13	<b>Practitioners' Guide To Capital Finance</b>	Practitioners Guide	11
14	<b>Local Government Application Note for the UK Public Sector Internal Audit Standards</b>	Guidance for application of Internal Audit Standards	11

## 2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
<b>Chartered Institute of Public Finance and Accountancy (CIPFA) (continued)</b>			
15	<b>CIPFA's Proposed Financial Management Code for Local Government – Consultation</b>	Consultation on CIPFA's financial management code	12
16	<b>CIPFA Service Reporting Code of Practice (SeRCOP) 2020/21: Service Expenditure Analysis – Consultation</b>	Consultation on CIPFA's Service Reporting Code of Practice	12
<b>Local Government Association</b>			
17	<b>Twenty-first Century Councils</b>	Toolkit to help councils empower women, parents and carers to become local councillors and take on leadership positions.	13

## 2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

### 1. Planning for New Homes, NAO, February 2019

The NAO has recently published a report on Planning for new homes. This report is part of a series on housing in England, including Housing in England: overview (2017) and Homelessness (2017). The latest report focuses on the Ministry of Housing, Communities and Local Government's (MHCLG's) objective for housing in England to deliver a million homes by the end of 2020; half a million by the end of 2022; and to deliver 300,000 net additional homes a year on average. The report recognises that increasing the supply of new homes is a complex task and one of the measures MHCLG has introduced to help achieve the objective is reforming the planning system. The report notes that the planning system is fundamental to providing new homes and it assesses how effectively MHCLG supports the planning regime to provide the right homes in the right places through:

- supporting local authorities to produce plans for how the supply of new homes will meet need in their area;
- supporting local authorities and the Planning Inspectorate in having effective and sufficiently resourced planning processes and teams to deal with planning applications and appeals; and
- working effectively with local authorities, other government departments and developers to ensure infrastructure to support new homes is planned and funded.

The report finds that at present, the system is not providing value for money and that the supply of new homes has failed to meet demand. It notes that a number of factors have contributed to the planning system not working and some of these include:

- the process of setting the need for new homes;
- the reductions in local authority capability;
- the under-performing Planning Inspectorate; and
- failures in the system to ensure adequate contributions for infrastructure.

The report recognises that MHCLG's new National Planning Policy Framework is an important step, but it is too early to tell whether the changes it introduces will be effective. The report also makes a number of recommendations for MHCLG to implement alongside the framework to help the planning systems work more effectively.

<https://www.nao.org.uk/report/planning-for-new-homes/>

### 2. Building Public Trust Awards – good practice in annual reports 2017-18, May 2019

The Building Public Trust Awards recognise outstanding corporate reporting that builds trust and transparency. This interactive document illustrates a range of good practice examples across annual reports in both the public and private sector.

In 2018 the public sector award for excellence in public sector reporting was jointly won by the Crown Estate and the Ministry of Justice. This interactive pdf summarises the judging criteria based on the principles of a good annual report. The guide highlights examples of "what good looks like" in reporting on strategy, risk, operations, governance, success measures, financial performance, people factors, external factors and ensuring the report is understandable to its users.

<https://www.nao.org.uk/report/building-public-trust-awards-good-practice-in-annual-reports-2017-18/>

## 2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

### 3. Guidance for audit committees on cloud services, April 2019

Public and private sector organisations are increasingly adopting cloud services with the aims of reducing costs, increasing efficiency and transforming their operations. Government policy supports this move but recognises that accessing systems through the internet can bring new contracting models and new challenges. Some organisations may lack the capacity or expertise to select the right product for their needs, implement it securely and manage it effectively.

The guidance provides an overview of cloud services and outlines government policy on their use. It then sets out specific questions for audit committees to consider asking when engaging with their management at three stages:

- Assessment of cloud services – looking at cloud services as part of organisational and digital strategies; the business case process; and due diligence.
- Implementation of cloud services – considering system configuration; data migration; and service risk and security.
- Management of cloud services – covering operational considerations; the need for assurance from third parties; and the capability needed to manage live running.

The guidance points to and complements detailed cloud guidance available elsewhere.

<https://www.nao.org.uk/report/guidance-for-audit-committees-on-cloud-services/#>

### 4. Framework to review programmes, April 2019

Major programmes are expensive, high profile and carry great uncertainties and risks. It is not surprising that many fall short of their objectives, in terms of cost and/or outcomes.

The NAO has completed about 140 reports on major projects and programmes since 2010. Based on this experience, this framework draws together the key questions the NAO ask when we review major programmes. It was developed for NAO value-for-money auditors to use when reviewing programmes, but may be useful for those seeking an overview of the NAO work on projects and programmes.

The questions are structured into four sections:

- Purpose: Is there a strategic need for the programme and is this the right programme to meet the business need?
- Value: Does the programme provide value for money?
- Programme set-up: Is the programme set up in accordance with good practice and are risks being well managed?
- Delivery and variation management: Are mechanisms in place to deliver the intended outcomes and respond to change, and is the programme progressing according to plan?

There are 18 key questions, each illustrated with examples of good practice and lessons learnt from previous NAO reports.

The Framework also outlines the NAO's related resources that provide further support for examining issues in more depth.

<https://www.nao.org.uk/report/framework-to-review-programmes/>

### 5. Round-up for Audit Committees, March 2019

This interactive round-up of NAO publications is intended to help Audit Committees, Boards and other users by outlining the latest NAO resources for governance and oversight, risk management and strategic management issues. It also sets out how to keep in touch with NAO insight on specific issues and/or sectors.

<https://www.nao.org.uk/report/round-up-for-audit-committees/>

## 2. NATIONAL PUBLICATIONS - CIPFA

### 6. An introductory guide to Local Government Finance, February 2019

This introductory guide addresses the basic questions regarding how money flows, how budgets are set and where it is spent in local government. An understanding of these issues is essential to realising the current issues in local government.

This guide is aimed at helping local councillors, those working with and for local councils, and anybody with an interest in the sector to understand the complexity of local government finance.

The guide covers revenue and capital financing, financial reporting, governance and auditing as well as giving an overview of some of the key services provided by local councils.

This guide is available online only.

<https://www.cipfa.org/policy-and-guidance/publications/a/an-introductory-guide-to-local-government-finance-2019>

### 7. CIPFA Bulletin 03 Closure of the 2018/19 Financial Statements, March 2019

This bulletin covers the closure of accounts for the 2018/19 year and provides further guidance and clarification to complement the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses, where relevant, frequently asked questions and other issues that have arisen since the publication of the 2018/19 Code Guidance Notes.

Key areas covered include:

- A lengthy section of clarification on Financial Instruments, in particular the impact of the implementation of IFRS9 and IFRS15 on Local Authority accounts
- Streamlining the Accounts guidance
- Analysis of debtors and creditors
- EU withdrawal
- Guaranteed Minimum Pensions

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-03-closure-201819>

### 8. Local Authority Capital Accounting - A Reference Manual for Practitioners, April 2019

Intended to be read alongside other CIPFA publications, including the Code of Practice on Local Authority Accounting, the Guidance Notes for Practitioners and the Practitioner's Guide to Capital Finance in Local Government, this book demonstrates the requirements of capital accounting through fully worked and explained examples covering all the major transaction types and asset classes.

A comprehensive reference section, drawing upon frequently asked capital questions received by CIPFA's Finance Advisory Network, Technical Enquiry Service and TISonline discussion forum, provides further discussion of typical areas of concern.

There are top tips on the real-life application of the Code of Practice, including advice on the most effective use of financial systems, working with non-finance colleagues such as valuers, and getting through the external audit as smoothly as possible.

With clear cross-referencing to allow readers to follow a topic as it appeals to them, this publication provides unique insight and practical support in one of the most technical and demanding areas of local authority accounting.

This edition has been updated to reflect new statutory guidance and the suspension of arrangements for the recognition of the highways Network Asset. The opportunity has also been taken to add a few more frequently asked questions (FAQs).

<https://www.cipfa.org/policy-and-guidance/publications//local-authority-capital-accounting--a-reference-manual-for-practitioners>

## 2. NATIONAL PUBLICATIONS - CIPFA

### 9. The Guide To Local Government Finance, April 2019

This guide covers the current arrangements and provides insights into possible future changes at a time when political uncertainty makes future developments difficult to foresee.

Covering both revenue and capital financing, this guide provides the reader with an introduction to the technical complexities of funding each type of expenditure.

The publication is presented in dedicated service areas that have their own funding streams and financial complexities. These include:

- capital finance
- budgeting and financial reporting
- treasury management
- auditing
- governance
- education
- housing
- police
- social care.

For those requiring more of an introduction to local government finance, CIPFA also produces an Introductory Guide to Local Government Finance that summarises the key information in a way that is aimed at non-finance specialists and those new to the sector..

<https://www.cipfa.org/policy-and-guidance/publications/t/the-guide-to-local-government-finance-2019>

### 10. Social Care Statistics 2017/18 Actuals, April 2019

This publication provides a detailed analysis of adult social care expenditure analysed by support group, such as: physical support, sensory support, support with memory and cognition, learning disability support and mental health support.

Other information includes a breakdown of the total population by age group and number of resident weeks.

<https://www.cipfa.org/policy-and-guidance/publications/s/social-care-statistics-201718-actuals>

## 2. NATIONAL PUBLICATIONS - CIPFA

### 11. Code Of Practice On Local Authority Accounting In The United Kingdom 2019/20, April 2019

Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2019/20 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2019.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority.

This edition of the Code introduces a number of important amendments relating both to context and an understanding of requirements, as well as changes in some of accounting requirements. In particular the following areas should be noted:

- Improved clarity regarding the specification of proper accounting practices, the Code's role in these, the impact of statutory accounting requirements on the annual accounts, and the manner in which they affect the presentation of local authority reserves, including the distinction between usable and unusable reserves
- Significant amendments to Chapter Two to reflect the revisions made by the IASB to the Conceptual Framework for Financial Reporting (Conceptual Framework)
- Changes relating to the previous Carbon Reduction Commitment Scheme and Landfill Allowances Schemes
- An additional section to address the treatment of the Apprenticeship Levy
- For Scottish authorities, recognition of the ability to present transfers to or from other statutory reserves, allowance for voluntary transfers between the Revaluation Reserve and the General Fund, and pension fund legislation amendments
- For Welsh authorities recognition of legislation changes relating to separate publication of pension fund accounts
- Amendments to Section 7.1 (Financial Instruments) arising from amendments made to IFRS 9 Financial Instruments
- Changes to group accounts requirements implementing scope clarifications for disclosure requirements.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-201920-book>

### 12. An Introductory Guide to Housing Finance in England and Wales, March 2019

The provision of social housing is a big issue for government and the public sector. Local authorities have a key role in responding to the needs of those in the community and understanding how the relevant finance structures work is vital if they are fully going to play their part.

Housing, and social housing in particular, has undergone many changes since the last edition of this title in 2011. The guidance looks at the current landscape for social housing and outlines the statutory duties placed on local authorities to provide housing for those in need. It looks at local housing strategies to address supply and working with the private rented sector. Chapters outline the policy agenda, consider the consequences of welfare reform, tackling homelessness and the consequences of the Grenfell Tower fire in 2017. Arrangements are no longer uniform across the UK and this edition provides a greater level of detail including where policies and practices in Wales differ.

The publication will be useful for local authority officers who have a need to understand the main financial principles that apply to providing housing services, as well as anyone working in housing provision or who is charged with scrutinising policy and practice.

<https://www.cipfa.org/policy-and-guidance/publications/a/an-introductory-guide-to-housing-finance-in-england-and-wales-2019>

## 2. NATIONAL PUBLICATIONS - CIPFA

### 13. Practitioners' Guide To Capital Finance, March 2019

This publication contains the background knowledge you need on capital finance and how to account for it. It summarises the key features of the systems of capital finance that operate under the Prudential Framework in England, Wales, Northern Ireland and Scotland.

It provides explanations and definitions of capital expenditure, credit arrangements and capital financing including minimum revenue provision (MRP) arrangements and local authority borrowing.

Its intention is to assist practitioners in managing the capital programmes of their authorities and in particular addressing the technical issues associated with the financing of the programme. It summarises the key capital finance implications of the Local Government Act 2003, the Local Government Finance Act (Northern Ireland) 2011, the Local Government in Scotland Act 2003 and associated regulations.

The publication uses worked examples throughout to allow practitioners to apply theoretical concepts to practical examples. In carrying extracts from the relevant legislation and the Prudential Code, the aim has been to produce a one-stop guide for both those with previous local authority capital finance knowledge and those new to the subject.

<https://www.cipfa.org/policy-and-guidance/publications/p/practitioners-guide-to-capital-finance-2019-edition>

### 14. Local Government Application Note for the UK Public Sector Internal Audit Standards, March 2019

This Application Note is aimed at those who play a significant part in shaping or managing the internal audit function within their organisations, including:

- chief executives
- chief financial officers and other senior management
- audit committees
- selected members within local government in the United Kingdom, as well as
- chief audit executives/heads of internal audit.

UK Public Sector Internal Audit Standards (PSIAS) have been developed to apply across the whole of the public sector in all sectors of government. The PSIAS are based on standards issued by the Institute of Internal Auditors (IIA), with additional requirements and interpretations that make them directly applicable to the UK public sector. The PSIAS are developed jointly by the relevant internal audit standard setters (RIASS) for central government, local government, devolved government administration bodies and the National Health Service (NHS). The PSIAS set out requirements which apply generally to all UK public sector engagements, but do not include any sector requirements or guidance for specific parts of government.

CIPFA has been designated as the RIASS for local government. CIPFA recognises the need to supplement the PSIAS with additional information and guidance on the requirements and practice of internal audit in the local government environment, and this Application Note provides that guidance.

Included with the Application Note is an authoritative checklist for measuring the performance of internal audit against the requirements of the PSIAS and the Application Note, in line with PSIAS 1300 Quality Assurance and Improvement Programme. The checklist can be used for both the internal and external assessments required in PSIAS 1300-1322.

<https://www.cipfa.org/policy-and-guidance/publications//local-government-application-note-for-the-uk-psias-2019-edition>

## 2. NATIONAL PUBLICATIONS - CIPFA

### 15. Consultation on CIPFA's Proposed Financial Management Code for Local Government, March 2019

Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by regulation. The general financial management of a local authority, however, has not been supported by a professional code. CIPFA is now proposing that a Financial Management Code (CIPFA FM Code) should be designed and developed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

The CIPFA FM Code would therefore for the first time set standards of financial management for local authorities in the UK. The draft FM Code is based on a series of principles supported by specific standards and statements of practice. They are considered necessary to provide the strong foundation within local authorities to enable them to:

- financially manage the short-, medium- and long-term finances
- manage financial resilience to meet foreseen demands on services
- financially manage unexpected shocks in their financial circumstances.

The draft FM Code is consistent with other CIPFA codes and statements in that it is based on principles rather than prescription. Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the FM Code are being satisfied. Demonstrating this compliance with the CIPFA FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team.

Significantly, the CIPFA FM Code builds on the success of the CIPFA Prudential Code, which requires local authorities to demonstrate the long-term financial sustainability of their capital expenditure and associated borrowing. With this success came new financial freedoms to make local decisions on matters that had hitherto been subject to central government control.

The draft FM Code is not expected to be considered in isolation, and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making.

To date, the draft FM Code has been developed with a specified governance process which includes practitioners, auditors and representatives of governments across the UK. It was then 'road tested' by a range of local authorities to provide early evidence of both practicality and fitness for purpose. Now, CIPFA is seeking to consult more widely and consequently invites comments on the draft FM Code. Note – the consultation closed on 30 April 2019.

<https://www.cipfa.org/policy-and-guidance/consultations/financial-management-code-consultation>

### 16. CIPFA Service Reporting Code of Practice (SeRCOP) 2020/21: Service Expenditure Analysis (SEA), March 2019

The SEA sets out a framework for reporting local authority service expenditure. This structure is an important factor in determining and defining the information that are collected in the CIPFA statistics and also government returns such as the RA/RO, Section 251 and ASC-FR. Effectively revising the SeRCOP SEA and keeping it fit for purpose is about finding a consensus across these many considerations and the various stakeholders. It is therefore essential to gather a broad base of opinion to inform this process. Note – consultation close on 10 May 2019.

While ensuring the accuracy of the current structure and the definitions therein is important, CIPFA are keen to challenge the usefulness of the analysis in the following ways:

- Do the expenditure divisions reflect how services are delivered and organised in practice?
- Do the service divisions provide the basis for robust, reliable, consistent and comparable information?
- Is the number of mandatory and discretionary levels about right in your service area?
- Are they well balanced in terms of the proportion of total costs in each division?
- Does the current breakdown help you in your benchmarking, policy or value for money analysis?

<https://www.cipfa.org/policy-and-guidance/consultations/cipfa-service-reporting-code-of-practice-sercop-2020-21-service-expenditure-analysis-sea>

## 2. NATIONAL PUBLICATIONS – LOCAL GOVERNMENT ASSOCIATION

### 17. Twenty-first Century Councils, March 2019

This toolkit has been developed to help councils create the underlying policies, procedures, ethos and environment that encourages and empowers women, parents and carers to become local councillors and take on leadership positions.

The Local Government Association is encouraging councils to consider their existing practices, celebrate what is working, share good practice and take action to support councillors who are women, parents and carers.

The equal participation of women and men in local politics, as our elected councillors and as our leaders, is an important condition for effective democracy and good governance. Representative councils are best able to speak to, and for, their communities and to support the effective business of local government. Democracy and decision-making are strengthened when councillors reflect the people they seek to serve and represent.

<https://www.local.gov.uk/twenty-first-century-councils>

## CONTACT

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*Working for a brighter future together*

## **Audit & Governance Committee**

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**Date of Meeting:** 30 May 2019

**Report Title:** Maladministration Decision Notices from Local Government and Social Care Ombudsman – December 2018 – February 2019

**Senior Officer:** Catherine Parkinson – Interim Director Governance and Compliance

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### **1. Report Summary**

1.1. This report provides an update on the Decision Notices issued by the Local Government and Social Care Ombudsman (LGSCO) when his investigations have found maladministration causing injustice to complainants. This report details the decisions made between 1<sup>st</sup> December 2018 and 28<sup>th</sup> February 2019. There were 3 decisions in which the LGSCO found that there was maladministration causing injustice; the relevant departments have taken the recommended actions and learned lessons from the investigation outcomes. It is not possible to report on any Decision Notices issued from March 2019 onwards, as the LGSCO imposes a three month reporting embargo. Any decisions received after 28<sup>th</sup> February 2019 will be reported at a subsequent Audit & Governance meeting.

### **2. Recommendation**

2.1. That the Committee notes the contents of this report and makes any further response it considers appropriate.

### **3. Reasons for Recommendation**

3.1. The Terms of Reference for the Audit & Governance Committee include seeking assurance that customer complaint arrangements are robust and that recommendations agreed with the LGSCO are being implemented.

### **4. Other Options Considered**

4.1. This is not applicable.

**5. Background**

- 5.1. The Local Government Act 1974 established the Local Government and Social Care Ombudsman (LGSCO). It empowers the Ombudsman to investigate complaints against councils and adult social care providers and to provide advice and guidance on good administrative practice. Once a complainant has exhausted the Council's Complaints procedure, their next recourse, should they remain dissatisfied with the Council's response, is to contact the LGSCO.
- 5.2. The LGSCO will assess the merits of each case escalated to them and seek clarification from the Council as necessary before making the decision to investigate a complaint. Once the LGSCO decides to investigate, they will try to ascertain if maladministration has occurred and whether or not there has been any resulting injustice to the complainant as a result of the maladministration.
- 5.3. In instances where maladministration and injustice is found, the LGSCO will make non-legally binding recommendations which they consider to be appropriate and reasonable. Although not legally binding, refusal to accept the LGSCO's recommendation will trigger a Public Report.
- 5.4. A Public Report is a detailed account of the complaint, outlining the failures by the Council in this particular investigation; this can have a significant damaging effect on the Council's reputation.
- 5.5. During the period between 1<sup>st</sup> December 2018 and 28<sup>th</sup> February 2019 the Council received three Decision Notices in which the LGSCO have concluded that there has been maladministration causing injustice. The details can be found in Appendix 1.
- 5.6. Licensing complaint - In light of the LGSCO's decision the Licensing Team has taken steps to change the application forms and procedure in relation to the transfer of vehicles. Additionally, the Team is in the process of reviewing the Council's Taxi Licensing Policy. (This is subject to the issuing of statutory guidance by central Government, the draft of which has only recently been consulted upon.) The parts of the draft policy relating to this issue will be revisited and clearer information on the process and types of information acceptable as part of the application process will be given.
- 5.7. Planning complaint – In addition to completing the recommendations to review the Certificate of Lawful Existing Use of Land (CLUED) and issuing an apology, the Planning department have reviewed the working practices with the Legal Services team so that, when Legal input is required, the advice is shared in a more timely manner.

- 5.8. Waste and recycling complaint - The Waste & Recycling department have issued an apology and put measures in place to ensure that better records are kept when the collections for an individual are being monitored.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. There are no legal implications flowing directly from the content of this report.

### **6.2. Financial Implications**

- 6.2.1. If fault causing injustice is found, the Council can be asked to pay compensation to a complainant, the level of which is determined on a case by case basis. The cost of such compensation is paid for by the service at fault. In the period being reported, the Council was required to make compensation payments totalling £500.

### **6.3. Policy Implications**

- 6.3.1. Adherence to the recommendations of the LGSCO is key to ensuring that customers have objective and effective recourse should they be unhappy with the way in which the Council has responded to their complaint.

### **6.4. Equality Implications**

- 6.4.1. There are no equality implications flowing directly from the content of this report.

### **6.5. Human Resources Implications**

- 6.5.1. There are no HR implications flowing directly from the content of this report.

### **6.6. Risk Management Implications**

- 6.6.1. There are no risk management Implications.

### **6.7. Rural Communities Implications**

- 6.7.1. There are no direct implications for rural communities.

### **6.8. Implications for Children & Young People/Cared for Children**

- 6.8.1. There are no direct implications for children and young people.

### **6.9. Public Health Implications**

- 6.9.1. There are no direct implications for public health.

## **7. Ward Members Affected**

7.1. There are no direct implications for Ward Members.

**8. Access to Information**

8.1. Please see Appendix 1.

**9. Contact Information**

9.1. Any questions relating to this report should be directed to the following officer:

Name: Juan Turner

Job Title: Compliance and Customer Relations Officer

Email: [juan.turner@cheshireeast.gov.uk](mailto:juan.turner@cheshireeast.gov.uk)

**Appendix 1 - LGSCO Decisions where maladministration with injustice has taken place  
2018 – February 2019**

**December**

Service	Summary and Ombudsman's Final Decision	Agreed Action	Link to LGSCO Report	Action Taken	Lessons Learnt
Licensing	<p>Mr A, Ms B and Mr C all complained that the Council refused to renew the licence in the names of Mr A and Ms B as joint proprietors.</p> <p>The Council asked Mr A for further evidence to show Ms B was a joint proprietor, but did not make it clear what evidence it needed which was fault. The Council also failed to offer Mr A a right of appeal to the taxi licensing committee. The Council eventually issued a licence in the name of Mr A only. However, the delay caused distress and uncertainty and meant Mr A could not work for 25 days.</p> <p>The Council has agreed to apologise to the complainants, and pay Mr A £500 to recognise the loss of employment opportunity.</p>	<p>The Council agreed within one month of the final decision to pay Mr A £500 in recognition of the loss of employment opportunity between November 2017 and December 2017 and the distress caused.</p> <p>It will also write to the complainant explaining what information or type of evidence is required in consideration of a joint proprietor application and re-consider the joint proprietors application. In addition, it will update the 'Hackney carriage vehicle licence' application forms.</p> <p>The Council agreed within three months of the final decision to update its</p>	<p>The Decision Notice is not currently available on the LGSCO website.</p>	<p>The Licensing Team has made changes to the application forms and has updated its procedures.</p> <p>It has also issued an apology letter with the information detailed by the LGSCO along with the £500 payment.</p> <p>Additionally, the Team is in the process of reviewing its Taxi Licensing Policy.</p>	<p>The need for regularly reviewing and keeping documentation up to date.</p>

		procedures to clearly define its rules on who can be included on a taxi licence as a proprietor.			
Planning	The Council granted a certificate of lawful existing use of land (CLEUD) without taking account of the representations made by the complainant. There was unreasonable delay by the Council in responding to the complainant's concerns. It should apologise to the complainant for the delay and issue a detailed response to the concerns raised.	The Council is to conclude the review within 4 weeks of the date of the Ombudsman's final decision, taking into account the information received, and give a reasoned response to the decision the Council makes on the CLEUD. In addition, the Council is to apologise to the complainant for the delay.	The Decision Notice is not being published by the LGSCO.	The Planning Team have concluded their review and issued the apology to the complainant.  The Planning department are also reviewing the working practices with the Legal Services team so that, when Legal input is required, the advice is shared in a more timely manner.	The need for timelier communication between the Planning and Legal department.
Waste & Recycling	The Ombudsman found fault by the Council as it failed to ensure its contractor emptied the waste and recycling bins of the complainant on at least five occasions in the early part of 2018.  The Council acted to monitor the situation but failed to show it had done so properly. Record keeping was poor. Another 4 collections later in the year were missed but	The Council will send a written apology for the missed collections identified, the failure to keep proper records and the failure to show it carried out proper monitoring.  It should remind crews of the need to make records which contain details showing problems; it should also	<a href="https://www.lgo.org.uk/decisions/environment-and-regulation/refuse-and-recycling/18-010-792">https://www.lgo.org.uk/decisions/environment-and-regulation/refuse-and-recycling/18-010-792</a>	The Waste & Recycling department have issued an apology to the complainant.  It has also continued to monitor the complainant's collections for the period outlined.	The need to ensure that appropriate records are kept to evidence the action taken by the service.

	these were not the Council's fault. The agreed action remedies the injustice caused.	continue to monitor the collections of the complainant for a further 2 months from the date of the Ombudsman's decision, ensuring proper records are kept.			
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## **Audit & Governance Committee**

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**Date of Meeting:** 30 May 2019

**Report Title:** Committee Work Plan

**Senior Officer:** Mark Taylor, Interim Executive Director of Corporate Services

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### **1. Report Summary**

- 1.1. This report presents the Committee's Work Plan for 2019/20 (Appendix A) to the Committee for consideration.

### **2. Recommendations**

- 2.1. That the Committee:
  - 2.1.1. Consider the Work Plan and determine any required amendments;
  - 2.1.2. Note that the plan will be brought back to the Committee throughout the year for further development and approval.

### **3. Reasons for Recommendations**

- 3.1. The Audit and Governance Committee has a key role in overseeing and assessing the Council's risk management, control and corporate governance arrangements. It advises the Council on the adequacy and effectiveness of these arrangements. A forward looking programme of meetings and agenda items is necessary to enable the Committee to fulfil its responsibilities.

### **4. Other Options Considered**

- 4.1. Not applicable

### **5. Background**

- 5.1. The Draft Statement of Accounts 2018/19 and Draft Annual Governance Statement had initially been scheduled for the 30<sup>th</sup> May 2019 meeting. Final versions of these will be considered at the July Committee to ensure compliance with statutory deadlines. Draft versions of the respective

statements will be used in the training session scheduled ahead of the July meeting in order to ensure that Audit and Governance Committee members have sufficient opportunity to understand the content and purpose of the statements, and the Committee's role in approving them.

- 5.2. The Annual Monitoring Officer Report, Annual Information Governance Report, Annual Internal Audit Report and the Annual Risk Management update have been moved to the July Committee meeting as key sources of assurance for the Annual Governance Statement.
- 5.3. The review of the Whistleblowing Policy and Procedure and the Counter Fraud Report have been moved from the July Committee meeting to the October meeting. This will ensure the Committee can be updated on the development of the Counter Fraud team and the Counter Fraud strategy to be adopted following the appointment to the Head of Audit and Risk.
- 5.4. Aspects of the Audit and Governance Committee's agenda are determined by statutory requirements such as the Statement of Accounts and Annual Governance Statement. Outside these agenda items, the Committee should aim to manage its agenda according to its assurance needs to fulfil its terms of reference. The Committee is asked to consider the contents of the Work Plan (Appendix A) and establish any amendments that will enable it to meet its responsibilities.
- 5.5. By identifying the key topics to be considered at the Audit and Governance Committee meetings, and receiving appropriate reports, Committee Members are able to undertake their duties effectively and deliver them to a high standard. In turn, this adds to the robustness of the risk management framework, the adequacy of the internal control environment and the integrity of the financial reporting and corporate governance of the Council.
- 5.6. Members will recognise that some items are brought to Committee on a more regular basis than others and ensure that statutory requirements are complied with. There are also individual requirements of the Committee's Terms of Reference which are only used on an ad-hoc basis. The Work Plan will be re-submitted to the Committee for further development and approval at each subsequent meeting.
- 5.7. In order to help with their deliberations, Members are asked to consider the following:
  - 5.7.1. That care is taken to avoid duplication and maintain the focus of an audit committee on its core functions as defined by its terms of reference rather than wider issues that are subject to the work of other committees or assurance functions.

- 5.7.2. that the audit committee should operate at a strategic level and any time consuming aspects of the Committee's business should be addressed elsewhere. Matters of operational detail should be resolved by service managers
- 5.7.3. that the number and frequency of reports should be proportional to the risk ensuring the core business of the committee gives sufficient focus and attention, avoiding lengthy or unproductive meetings.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. The Work Plan for 2019/20 complies with the requirements of the Accounts and Audit Regulations 2015.

### **6.2. Finance Implications**

- 6.2.1. When reviewing the Work Plan, Members will need to consider the resource implications of any reviews they wish to carry out both in terms of direct costs and in terms of the required officer support.

### **6.3. Equality Implications**

- 6.3.1. There are no direct implications for equality in this report. The Audit and Governance Committee receives assurances from across the organisation.

### **6.4. Human Resources Implications**

- 6.4.1. Members should be satisfied that the inclusion of each item on its agenda results in added value, as the assurance process has a resource implication to the organisation and should therefore be proportional to the risk.

### **6.5. Risk Management Implications**

- 6.5.1. Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position.

However, an effective audit committee can:

- 6.5.1.1. raise awareness of the need for robust risk management, control and corporate governance arrangements and the implementation of audit recommendations,
- 6.5.1.2. increase public confidence in the objectivity and fairness of financial and other reporting

6.5.1.3. reinforce the importance and independence of internal and external audit and any other similar review process

6.5.1.4. provide additional assurance through a process of independent and objective review

**6.6. Rural Communities Implications**

6.6.1. There are no direct implications for rural communities.

**6.7. Implications for Children & Young People/Cared for Children**

6.7.1. There are no direct implications for children and young people.

**6.8. Public Health Implications**

6.8.1. There are no direct implications for public health.

**7. Ward Members Affected**

7.1. All wards affected.

**8. Consultation & Engagement**

8.1. The Work Plan for 2019/20 was prepared following discussion with key officers who regularly provide updates to the Audit and Governance Committee and approved by the Audit and Governance Committee in March 2019.

**9. Access to Information**

9.1. Not applicable.

**10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officers:

Name: Michael Todd/Josie Griffiths

Job Title: Principal Auditors

Email: [michael.todd@cheshireeast.gov.uk](mailto:michael.todd@cheshireeast.gov.uk)

[josie.griffiths@cheshireeast.gov.uk](mailto:josie.griffiths@cheshireeast.gov.uk)

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
<b>30<sup>th</sup> May 2019</b>			
Audit and Governance Committee's Terms of Reference	For Members' information the Committee's terms of reference, as set out in the Constitution, are attached.	All	All
External Audit 2018/19 Progress and Update Report (Mazars)	To consider an update report from Mazars in delivering their responsibilities as external auditors.	135	To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
Upheld Complaints to the Local Government Ombudsmen	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> <li>• if there have been any upheld complaints to be reported on to the next agenda</li> <li>• the appropriate part of the agenda for the report to be considered</li> <li>• clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting.</li> </ul>	146	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
Audit and Governance Committee - Hearing Sub Committee	The Interim Executive Director of Corporate Services will update the Committee on the need to appoint a Hearing Sub Committee.	150	The Hearing Sub-committee is a Sub-Committee of the Council's Audit and Governance Committee appointed to consider complaints under the procedure referred to in Chapter 4, Part 1, Paragraph 28 of the Constitution. It has 3 members drawn from a cross party panel of 15 members of the Council. An Independent Person is invited to attend all meetings of the Hearing Sub-committee and his/her views are sought and taken into consideration before the Hearing Sub-committee takes any decision on whether the member's conduct constitutes a failure to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.
Work Plan 2019/20	Forward looking programme of meetings and agenda items for 2018/19 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non Adherences approved since the last Committee.	112	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.
<b>30<sup>th</sup> July 2019</b>			
External Audit Findings and Action Plan 2018/19 (Mazars)	Summary of findings from the 2018/19 audit and key issues identified by External Audit in issuing their opinion on the Council's financial statements and its arrangements	135	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
	for securing economy, efficiency and effectiveness in the use of resources.		
Annual Monitoring Officer Report 2018/19	Annual report of the Monitoring Officer for 2018/19	110	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
Annual Information Governance Update 2018/19	This report provides an update on the Council's Information Governance arrangements during 2018/19.	110	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
Internal Audit Annual Report (2018/19)	Annual opinion on the overall adequacy and effectiveness of the Council's control environment	128	To consider the head of internal audit's annual report: a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit. b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement
Annual Risk Management Report 2018/19	Annual report on the effectiveness of risk management arrangements in the Council during 2018/19.	114	To monitor the effective development and operation of risk management in the council.
Annual Audit and Governance Committee	Self-assessment of the effectiveness of the Committee, which provides an assurance	143	To report to full Council on a regular basis on the committee's performance in relation to the terms of

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
Self Assessment	for the Annual Governance Statement.		reference and the effectiveness of the committee in meeting its purpose.
Audit and Governance Committee Annual Report 2018/19	Annual Report of the Chair of the Audit and Governance Committee for consideration and approval by Committee ahead of presentation to Council.	142	To report to those charged with governance on the committee's findings conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
		143	To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
		144	To publish an annual report on the work of the committee.
Annual Governance Statement 2018/19	Approval of the Annual Governance Statement 2018/19	111	To review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
Annual Statement of Accounts 2018/19	Approval of the Audited Statement of Accounts for 2018/19	140	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
Work Plan 2019/20	Forward looking programme of meetings and agenda items for 2018/19 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non Adherences approved since the last Committee.	112	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.
<b>3<sup>rd</sup> October 2019</b>			
Annual Audit Letter 2018/19 (Mazars)	Summary of the External Audit findings from the 2018/19 audit. The letter will also confirm the final audit fee.	135	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
		137	To comment on the scope and depth of external audit work and to ensure it gives value for money.
Members Code of Conduct: Standards Report (March 2019-August 2019)	To note the numbers and outcomes of complaints made under the Code of Conduct for Members between 1st March 2019 and end of August 2019.	109	To promote high standards of ethical behaviour by developing, maintaining and monitoring the Code of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).
Risk Management Update	This report will update the Committee on Risk Management and Business Continuity activity in the Council.	114	To monitor the effective development and operation of risk management in the council.
Referrals to the Local Government and Social Care Ombudsmen 2018/19	The report will provide a summary of the key issues from the annual report received by the LGO.	110	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
Treasury Management Annual Report 2018/19	This report will update the Committee on Treasury Management activity over the	120	To review and monitor the Council's treasury management arrangements in accordance with the

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
	year.		CIPFA Treasury Management Code of Practice.
Counter Fraud Report	<p>This report will update the Committee with:</p> <ul style="list-style-type: none"> <li>• an overview of developments that are taking place nationally,</li> <li>• an update on anti-fraud and corruption activity at Cheshire East; and</li> <li>• details of work that will be completed to ensure compliance with best practice and improve Cheshire East's resilience to the threat of fraud and corruption.</li> </ul> <p>The report will also set out a review of the Counter Fraud Policy against best practice and identify suggestions for improvements.</p>	118	To monitor the counter-fraud strategy, actions and resources.
		145	To approve and monitor Council policies relating to whistleblowing and anti-fraud and corruption.
Review of Whistleblowing Policy and Procedure	To provide the Committee with an update on the effectiveness of the Council's Whistleblowing Policy and a breakdown of the number of reports received during 2018/19.	145	To approve and monitor Council policies relating to whistleblowing and anti-fraud and corruption.
Work Plan 2019/20	Forward looking programme of meetings and agenda items for 2018/19 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non Adherences approved since the last Committee.	112	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
<b>5<sup>th</sup> December 2019</b>			
External Audit Plan 2019/20 (Mazars)	To receive and comment on External Audit's planned work for the audit of financial statements and the value for money conclusion 2019/20	135	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
		137	To comment on the scope and depth of external audit work and to ensure it gives value for money.
Certification Report 2019/20	The report provides a summary of the key findings that have been identified during the External Auditors' certification process for 2017/18 claims and returns.	135	To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
Draft Treasury Management Strategy and Minimum Revenue Provision Statement 2019/20	Update on the contents of the Council's Treasury Management Strategy for 2019/20.  The CIPFA Treasury Management Code of Practice requires all local authorities to make arrangements for the scrutiny of treasury management. This responsibility has been nominated to the Audit & Governance Committee.	120	To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.
Internal Audit 2019/20 Plan Progress Update	Progress report against the Internal Audit Plan 2019/20.	127	To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include: a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
			b) Regular reports on the results of the Quality Assurance and Improvement Programme. c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
Annual Governance Statement - Progress Update	Update on actions to improve governance arrangements and respond to emerging issues identified in the 2018/19 Annual Governance Statement. Proposed process for the production of the 2019/20 Annual Governance Statement.	110	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
Work Plan 2019/20	Forward looking programme of meetings and agenda items for 2018/19 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non Adherences approved since the last Committee.	112	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.
<b>12<sup>th</sup> March 2020</b>			
External Audit 2019/20 Progress and Update Report (Mazars)	To receive an update from the Council's External Auditors in relation to the 2018/19 external audit report and other issues	135	To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
		137	To comment on the scope and depth of external audit work and to ensure it gives value for money.

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
Members Code of Conduct: Standards Report (September 2019-February 2020)	To note the numbers and outcomes of complaints made under the Code of Conduct for Members between September 2019-February 2020.	109	To promote high standards of ethical behaviour by developing, maintaining and monitoring Code of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).
Risk Management Update	This report will update the Committee on Risk Management and Business Continuity activity in the Council.	114	To monitor the effective development and operation of risk management in the council.
Internal Audit Plan 2019/20: Progress Report	To consider a summary of Internal Audit Work undertaken between September 2018 and December 2018.	127	To consider reports from the head of internal audit's performance during the year.
Work Plan 2019/20	Forward looking programme of meetings and agenda items for 2018/19 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non Adherences approved since the last Committee.	112	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.
<b>Unscheduled</b>			
Upheld Complaints to the Local Government Ombudsmen (If required)	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible</p>	146	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in</p>

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
	<p>service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> <li>• if there have been any upheld complaints to be reported on to the next agenda</li> <li>• the appropriate part of the agenda for the report to be considered</li> <li>• clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting.</li> </ul>		<p>some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>
Approach to disclosure of Internal Audit Reports <i>Carried forward from 2018/19 work plan</i>	Report to the Audit and Governance Committee regarding the current approach to the sharing of Internal Audit reports and presenting options for future consideration	127	<p>To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:</p> <p>a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.</p> <p>b) Regular reports on the results of the Quality Assurance and Improvement Programme.</p> <p>c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.</p>
		129	To consider summaries of specific internal audit

## Work Plan 2019/20

		Extract from Committee Terms of Reference – (December 2018)	
Agenda Item	Description	No	Detail
			reports as requested.
Update on Internal Audit Report on Land Transactions <i>Carried forward from 2018/19 work plan</i>		116	To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions, including calling managers to explain lack of progress.
		129	To consider summaries of specific internal audit reports as requested.
Members Code of Conduct <i>Requested at March 2019</i>	Members requested a review of the information provided to Committee regarding the Members Code of Conduct	109	To promote high standards of ethical behaviour by developing, maintaining and monitoring the Code of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).

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## **Audit & Governance Committee**

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**Date of Meeting:** 30 May 2019

**Report Title:** Waivers and Non Adherences (WARNs)

**Senior Officer:** Mark Taylor – Interim Executive Director of Corporate Services

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### **1. Report Summary**

- 1.1. The purpose of this report is to provide an update to the Audit and Governance Committee on the number of cases where, and reasons why, procurement activity has required the use of waivers and/or non adherences (WARNs). The report covers approved cases between the 1<sup>st</sup> February 2019 and the 30<sup>th</sup> April 2019; 6 in total - 3 WARNs being from the 1st February 2019 to the 31st March 2019 and 3 WARNs being from 1st April 2019 to the 30th April 2019.
- 1.2. The approved WARNs are published retrospectively for information on the next appropriate Audit and Governance Committee. The total number of WARNs to be presented to the May Audit and Governance Committee is 6 (consisting of 6 waivers and 0 non adherences).
- 1.3. All WARNs will be presented to the Audit and Governance Committee without any information redacted. However, they will be presented in Part 2 of the Committee as they may contain commercially sensitive information and/or Officer Details.

### **2. Recommendation/s**

- 2.1. That the Audit and Governance Committee note the number and reason for waivers and non adherences (WARNs) approved between 1st February 2019 and 30th April 2019 (6 in total).

### **3. Reasons for Recommendation/s**

- 3.1. The Audit and Governance Committee has a key role in overseeing governance arrangements within the Council and has a requirement to retrospectively review all approved WARNs. The WARN process forms part of the Councils Contract Procedure Rules (CPRs), which are intended to promote good procurement and commissioning practice, transparency and clear public accountability.

### **4. Other Options Considered**

4.1. N/A

**5. Background**

5.1. All WARNs approved in the period between Audit and Governance Committees will be presented to the following Committee. This report contains all WARNs approved from the 1<sup>st</sup> February 2019 to the 30<sup>th</sup> April 2019 (6 in total).

The WARN process records the following;

- Waivers to the Contract Procedure Rules – These are agreed waivers in accordance with the Contract Procedure Rules, Part 5. Section 7.1-7.3.
- Non Adherence to the Contract Procedure Rules – This is a breach of the Contract Procedure Rules in accordance with Part 5. Section 7.4-7.10.

Waivers are a compliant part of the Contract Procedure Rules and are used where there is a genuine business case to direct award without the need for competition.

<b>WARNs</b>	<b>2016-2017</b>	<b>2017- 2018</b>	<b>2018-2019</b>	<b>April 2019</b>
Non Adherence	33	10	5	0
Waiver	40	20	16	3
<b>Grand Total</b>	<b>73</b>	<b>30</b>	<b>21</b>	<b>3</b>

**Table 1: WARNs have significantly reduced in the last three years**

5.2. The total number of WARN’s for 2018-2019, at 21, is a further reduction of 30% from the previous year.

This reduction in waivers and non adherences is the result of improved forward planning, better information such as enhanced contracts register and Council pipeline/work plan of procurements and proactively working with services to inform better outcomes and ensuring compliant contracts are in place.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

6.1.1. All employees must ensure that they use any Council or other public funds entrusted to them through their job role in a responsible and lawful manner.

6.1.2. Employees must also seek to ensure value for money and take care to avoid the risk of legal challenge to the Council in relation to the use of its financial resources. The Council's Officer Delegations, Finance and Contract Procedure Rules and Operating Procedures must, therefore, be followed at all times. This report sets out compliance with Contract Procedure Rules.

### **6.2. Finance Implications**

6.2.1. The Council's Constitution Finance Procedure Rule 2.30; Chapter 3 - Part 4: Section 2 explains that the Corporate Leadership Team (CLT) are responsible for working within their respective budget limits and to utilise resources allocated to them in the most efficient, effective and economic way. This is supported by effective commissioning, procurement processes and appropriate contract management.

6.2.2. Along with comments from Procurement and Legal Officers, Finance Officers are invited to make comments in respect of each WARN, to help ensure Finance Procedure Rules are adhered to in this regard (e.g. that the relevant Service has identified sufficient existing budget to cover the proposal; and also that the Service has considered how to achieve best value for money via this particular recommended course of action).

### **6.3. Equality Implications**

6.3.1. N/A

### **6.4. Human Resources Implications**

6.4.1. N/A

### **6.5. Risk Management Implications**

6.5.1. The focus is the risk that processes are not complied with, which increases the likelihood of legal challenge causing significant financial and reputational risk to the Council. This includes procurement processes.

### **6.6. Rural Communities Implications**

6.6.1. There are no direct implications for rural communities.

**6.7. Implications for Children & Young People**

6.7.1. There are no direct implications for children and young people.

**6.8. Public Health Implications**

6.8.1. There are no direct implications for public health.

**7. Ward Members Affected**

7.1. N/A

**8. Consultation & Engagement**

8.1. N/A

**9. Access to Information**

9.1. The background papers relating to this report can be inspected by contacting the report writer.

**10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officer:

Name: Lianne Halliday

Job Title: Senior Manager - Procurement

Email: [lianne.halliday@cheshireeast.gov.uk](mailto:lianne.halliday@cheshireeast.gov.uk)

## Appendix 1

**CPR WAIVERS – CATEGORIES FOR INTERNAL REPORTING**

<b>A</b>	Genuine Emergency – which warrant an exception to the requirements
<b>B</b>	Specialist Education or Social Care Requirements
<b>C</b>	Genuine Unique Provider – e.g. from one source or contractor, where no reasonably satisfactory alternative is available.
<b>D</b>	Compatibility with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure
<b>E</b>	In-depth Knowledge, skills and capability of project/services already in existence with consultants/providers carrying out related activity – therefore procuring new consultants/skills would be uneconomic given the investment in previous, related work.
<b>F</b>	No valid tender bids received, therefore direct award can be substantiated
<b>G</b>	Lack of Planning
<b>H</b>	Other – Any other valid general circumstances up to the EU threshold

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