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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 27th July, 2023 in the Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors S Adams, C Hilliard, M Houston, G Marshall, P Redstone,
J Snowball and L Smetham (substitute for Councillor Heler)

Mr R Jones, Independent Co-opted Member

OFFICERS IN ATTENDANCE

David Brown, Director of Governance and Compliance and Monitoring Officer
Alex Thompson, Director of Finance and Customer Services and S151 Officer
Josie Griffiths, Head of Audit and Risk
Michael Todd, Acting Internal Audit Manager
Gareth Pawlett, Corporate Manager ICT
Lianne Halliday, Procurement Manager
Julie Gibbs, Data Protection Officer
Alan Ward, Complaints Support Officer
Jennifer Ashley, Democratic Services Officer

15 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Heler.

16 DECLARATIONS OF INTEREST

There were no declarations of interest received.

17 PUBLIC SPEAKING TIME/OPEN SESSION

Member of the public, Ms Debbie Jamison attended the meeting and spoke in relation to item 4 of the agenda. Ms Jamison confirmed that since the last meeting she had met with the Head of Audit & Risk to discuss her concerns about a land transaction and progress is ongoing.

Ms Jamison asked a further question of the committee, 'how does the committee intend to listen to a consideration of matters raised at that follow up meeting and examine any ongoing actions? In summary, the matter raises concerns about a land transaction options agreement that presents risks both financial and reputational to the Council which may also uncover matters around governance that need addressing.' Ms

Jamison also requested that a an item be added to the committees action log to maintain progress and updates on the matter as appropriate.

In response to the question, the Head of Audit and Risk suggested the request be added to the committees action log for the committee to receive details of outcomes and updates as required. Work on the issue raised had commenced with a terms of reference agreed. The committee will be kept appraised of outcomes as appropriate.

18 MINUTES OF PREVIOUS MEETING

RESOLVED;

That the minutes of the meeting held on 8 June 2023 be approved as a correct record subject to the inclusion on Item 7 – CIPFA Review of the Audit and Governance Committee, that the Committee agree to invite CIPFA to return to review the Committee and progress made at a face to face workshop.

19 ACTION LOG

The committee reviewed the progress of the action log.

1. Statement of Accounts (Cheshire East & Wholly Owned Companies)
Briefing session will be held on 28 July 2023
2. Draft Pre Audited Financial Statements
Written response circulated to committee members 10 July 2023
3. Draft Pre Audited Financial Statements – Wholly Owned Companies
Question amended to 'The committee asked why there had been an increase on the Cost of Sales?

Amended question to be sent to the Board of Directors with a request for a written response to be provided
4. Training / briefing session on financial difficulties
Written response circulated to committee members on 10 July 2023 which included details of how to access a series of webinars on the CIPFA website. Members were also invited to attend a session on 'Financial Management in Cheshire East' on 13 July 2023
5. Terms of Reference Review
Report presented to committee at 27 July 2023 meeting and working group formed. This item will be included on the work programme for review at a future meeting of the committee.

6. Internal Audit Plan 2022/23 Progress Update
Letter sent to Chair of Highways and Transport Committee 5 July 2023. Response received 26 July 2023, which will be circulated to committee members.
7. Work Programme – Disability Monitoring
The Head of Audit and Risk would invite Independent Member, Mr Jones, to be part of discussions during the setting of the next Internal Audit Plan.
8. Work Programme – Customer Services Review
The briefing session for members on the Customer Service Charter had been delayed and will be arranged for later in 2023.
9. Work Programme – S106 Funding
It was confirmed that this report is an item on the work programme and is scheduled to be presented to the Audit and Governance Committee on 28 September 2023

The committee agreed to add the following items to the action log:

- a. Internal Audit Briefing – to provide an opportunity for members to understand the purpose and role of Internal Audit, how the team determine what is covered in the annual plan, the different kinds of work undertaken by Internal Audit and how it is approached and undertaken.
- b. Details of Ombudsman Complaints comparison of Local Authority Complaints
2022/23 Ombudsman Report to be circulated to committee members
- c. Land Transaction – Internal Audit Investigation
For the committee to receive details of outcomes and updates as required

20 EXTERNAL AUDIT - VALUE FOR MONEY REPORT

The Chair informed the committee that this item was to include an update from the External Auditors on progress, not the Value for Money Report, which will be presented to the committee at the meeting planned for September 2023.

The committee received a report from the External Auditors, Mazars, that detailed the following:

- 2022/23 Audit – commencement of this audit has been deferred until September 2023 due to national issues. It was noted that the council's Finance Team had worked hard to ensure the draft statement of accounts for 2022/23 were published on time and Cheshire East were in the minority of council's who had achieved this

- 2021/22 Audit – due to ongoing national issues with reporting of assets and liabilities relating to pension funds, the Council were required to obtain an updated IAS19 valuation report which will require the draft financial statement to be amended. This is in progress and expected to be completed in the summer, with the Audit Opinion due to be reported at the next committee meeting in September
- 2020/21 Audit – work on this audit was now complete with no areas outstanding. Sign off for the 2021/22 statement of accounts is planned for week commencing 31 July 2023.

The committee were also provided with details of National Publications for their information.

RESOLVED:

That the committee noted:

- (1) The Audit Progress Report of Mazars dated July 2023, including the updates on the audit of accounts for the years ending 31 March 2021, and 31 March 2022 and the plan for the audit of the accounts for the year ending 31 March 2023.

21 ANNUAL COMPLAINTS REPORT 2022/23

The committee received a report from the Director of Finance and Customer Service that provided a summary and analysis of complaints and compliments received by the Council during the period 1 April 2023 to 31 March 2023.

The report highlighted areas of concerns and examples of good practice and provided the committee with the assurance that matters raised as complaints by customers were being addressed, actions were being taken to rectify issues and information arising from complaints had helped to inform service improvements.

It was explained to the committee that the council has a Corporate Complaint Policy which covers all complaints about council services other than Children's Social Care complaints, which have a separate statutory complaints process. In addition, where the councils complaints process has been exhausted a complainants next course of action is to the Local Government and Social Care Ombudsman.

An overview of complaints received by each directorate was provided to committee members along with a summary of recommended actions from Ombudsman Decision Notices where fault was found.

RESOLVED:

That the Audit and Governance Committee;

- (1) Noted the annual committee complaints and compliments data, and briefing material relating to the 2022/23 financial year;
- (2) Noted the issues raised and improvements made in respect to the management of complaints across the council;
- (3) Noted the council's compliance with the Corporate Complaints Policy, and recommendations of the Ombudsman.

22 INFORMATION GOVERNANCE UPDATE 22/23

The committee received a report from the Director of Finance and Customer Services that provided an update on the Council's Information Assurance and Data Management (IADM) programme during 2022/23. The report outlined key aspects of the programme to provide assurance to the committee that information continues to be treated and managed as a valued asset, with ongoing measures to protect it in line with compliance and leverage it where possible to support enhanced service delivery and optimise business benefit.

The committee were advised that following a self-assessment using the Gartner's Enterprise Information Management Maturity assessment tool to monitor progress, a tangible increase in maturity level had been achieved.

RESOLVED:

That the Audit and Governance Committee noted the progress made and the onward direction of the Information Assurance and Data Management programme.

23 ANNUAL INTERNAL AUDIT OPINION 2022/23

The committee received a report from the Director of Governance and Compliance that detailed the work undertaken by Internal Audit during 2022/23 and how this contributed to the Annual Internal Audit Opinion on the overall adequacy and effectiveness of the Council's control environment.

It was highlighted to the committee that the council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements with Internal Audit playing a vital part in advising the Council, via Audit and Governance Committee that these arrangements are in place and operating properly.

The committee were informed that for each review undertaken, a report summarising the work assessed, issues identified and actions required was produced for each review. This ensured findings are factually accurate and management actions resulted in improvements to the control environment.

RESOLVED:

That the Audit and Governance Committee;

- (1) Noted the contents of the Internal Audit Annual Opinion 2022/23 as detailed in Appendix A;
- (2) Noted the Internal Audit Opinions on the Council's framework of risk management, control and governance for 2022/23 as 'Adequate'.

24 RIPA POLICY AND INSPECTION PLAN UPDATE

The committee received a report from the Director of Governance and Compliance that provided an update on the action plan following an inspection by the Investigatory Powers Commissioners Office (IPCO). The committee considered details of the inspection and action plan at their meeting of 9 March 2023, with a request for updates of amended policies and procedures to be provided to committee members.

Following the IPCO inspection in November 2022, suggestions were made for improvements to policies and procedures to ensure they aligned with guidance contained within the Covert Surveillance and Property Interference Code of Practice (2018).

Details of the action plan and summary of changes made to policies were provided to the committee, including a review of Authorising Officers following changes in senior management.

RESOLVED:

That the Audit and Governance Committee noted the updates to policies and procedures as detailed in the report.

25 ANNUAL RISK MANAGEMENT REPORT 2022/23

The committee received a report from the Director of Governance and Compliance that provided an update on the Strategic Risk Register for the period Quarter 4 2022/23 and reflected on the full year of 2022/23.

Updates on the Strategic Risk Register were provided on a quarterly basis alongside updates on the organisations financial performance and performance against the Corporate Plan objectives, to provide a comprehensive review and understanding of the Council's position throughout the year.

The committee highlighted risk 'SR01C Increase Demand for Children's Services' as a concern, being a long standing item and that demand will only increase, along with costs. It was reported that this was a national issue with deficits continuing to rise. An accountancy override has been implemented until such a time alternative funding streams can be identified.

RESOLVED:

That the Audit and Governance Committee received and noted the Annual Risk Management Report 2022/23.

26 DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

The committee received a report from the Chief Executive that provided details of the draft Annual Governance Statement (AGS) for 2022/23. The AGS is produced to explain how the authority makes decisions, manages resources, promotes its values and high standards of conduct and behaviour.

It was highlighted to the committee that the review is carried out against the Council's Code of Corporate Governance and reflects on activity over the 2022/23 financial year. The final draft will be updated to cover activity up to the date of approval of the Council's Statement of Accounts.

RESOLVED:

That the Audit and Governance Committee;

- (1) Received and reviewed the draft Annual Governance Statement 2022/23, and noted the final proposed Annual Governance Statement will be provided at a future meeting of the committee for approval;
- (2) Approved the proposed changes to the significant issues as detailed in section 7 and 8 of the draft statement.

27 REVIEW OF AUDIT AND GOVERNANCE COMMITTEE TERMS OF REFERENCE

The committee received a report from the Director of Governance and Compliance that provided details of proposals to establish a working group to review and update the Audit and Governance Committee Terms of Reference to enable to progress the CIPFA review recommendation.

The proposed composition, frequency of meetings, suggested timescales, and terms of reference for the working group were provided to the committee.

RESOLVED:

That the Audit and Governance Committee;

- (1) Agreed to send nominations to Democratic Services for the establishment of a politically balanced work group to review and update the Audit and Governance Committee Terms of Reference
- (2) Agreed the terms of reference for the working group as detailed in Appendix 2

- (3) Agreed that the working group will report its initial proposals to the Audit and Governance Committee at the 28 September 2023 meeting

28 RECRUITMENT OF CO-OPTED INDEPENDENT MEMBER FOR THE AUDIT AND GOVERNANCE COMMITTEE

The committee received a report from the Director of Governance and Compliance that outlined the suggested approach for the recruitment of a second co-opted independent member for the committee.

The recruitment of a second co-opted independent member was a recommendation following the CIPFA review of the committee.

RESOLVED:

That the Audit and Governance Committee;

- (1) Reviewed and agreed the proposed approach, including the timeline and application pack as detailed at Appendix 1 and 2;
- (2) Agreed that nominations be sent to Democratic Services from members of the committee who will form a panel to carry out the shortlisting and interviewing of candidates and recommended a successful candidate for the committee.

29 WORK PROGRAMME

The committee considered the work programme for 2023/2024.

It was noted that the following items be rescheduled to be presented at the December meeting of the committee

- AG/05/23-24 Final Statement of Accounts 2022/23
- AG/06/23-24 Companies Audited Financial Statements 2022/23
- AG/25/23-24 Final Annual Governance Statement 2022/23

RESOLVED:

That the work programme be noted.

30 ANNUAL PROCUREMENT UPDATE

The committee received a report from the Director of Finance and Customer Service that provided an update on procurement activity during 2022 – 2023 financial year. The report provided an update on the number of tenders completed, number of contracts awarded and the number of cases where, and reasons why, procurement activity required the use of waivers and/or non-adherences (WARNs).

In addition, the report provided an update on the Councils Contract Management System (Atamis), Contract Management Training, Procurement Regulations and the key deliverables for 2023-2024.

The committee discussed the content of a number of WARNs and asked a number of questions, to which it was agreed for a written response to be provided.

RESOLVED:

That the Audit and Governance Committee:

1. Noted the reason for 24 waivers approved between 1st April 2022 and 31st March 2023.
2. Noted the reason for 4 non-adherences between 1st April 2022 and 31st March 2023.
3. Noted the update on the contract management system, contract management training and Procurement Regulations
4. Agreed for a written response to questions asked to be provided to the committee.

31 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

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

32 WAIVERS AND NON ADHERENCES

RESOLVED:

That the WARNs be received and noted.

The meeting commenced at 2.05 pm and concluded at 5.45 pm

Councillor M Beanland (Chair)

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