

Appendix 1: Cheshire East Council: Audit and Governance Committee Review –Progress update against Action Plan

Recommendation 1: Update the Audit and Governance Committee’s terms of reference to set out its purpose, role and position within the governance arrangements at Cheshire East Council and its activities in relation to risk management. In particular, focus on its ability to make a difference and to support the Council to operate more effectively. Consider if the Committee’s name appropriately reflects its role. Consider if its size could be reduced.			
Ref	Proposed Actions	Responsible person and date	October 2023 Update
1	<p>The Committee Terms of Reference will be updated to address the issues identified in the comparison between the Committee’s current Terms of Reference and the July 2022 CIPFA guidance provided by CIPFA.</p> <p>A detailed report will be brought to a future meeting of the Audit and Governance Committee to consider and recommend new Terms of Reference to Council for adoption.</p>	<p>Responsibility: Head of Audit and Risk, Director of Governance and Compliance.</p> <p>Timescale: To be scheduled on Work Programme; first report to July 27th, 2023, meeting, Audit and Governance Committee, 18th October 2023 Council.</p>	<p>The Audit and Governance Committee received a report on July 27 2023. The Committee endorsed the creation of a working group to review and update the Terms of Reference.</p> <p>The working group has met fortnightly to review the existing ToR, using the recommended actions from the CIPFA Review, and the CIPFA guidance, including the model code.</p> <p>Terms of Reference will be presented to the 8 December meeting for the Committee to recommend onto full Council.</p>
2	<p>Time to be scheduled for meeting preparation and post meeting debriefs. Key attendees for these would be the Chair, Vice Chair, relevant officers, and the democratic services officer. This would ensure any requests, issues or concerns from the Committee can be considered in further detail, and the appropriate form of presentation or report to meet requirements can be agreed upon and be prepared accordingly.</p>	<p>Responsibility: Head of Audit and Risk, Director of Governance and Compliance.</p> <p>Timescale: Arrangements to be discussed with Chair and Vice Chair, relevant officers before July 27th meeting.</p>	<p>Meetings are now diarised for the Committee Chair, Vice Chair and lead officers. These are scheduled to happen for post meeting debriefs, interim meetings, and pre-meeting briefings.</p>
3	<p>Meeting attendees should be in mixed seating rather than political groupings, to emphasise the apolitical nature of the Committee. Formal</p>	<p>Responsibility: Head of Audit and Risk, Director of Governance and Compliance.</p>	<p>Seating at meetings is now mixed amongst political groups.</p>

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	and informal party politics and political behaviours need to be avoided in the Committee	Timescale: Arrangements to be discussed with Chair and Vice Chair, relevant officers before July 27 th meeting.	Induction training for members, including substitutes emphasises the need for apolitical behaviours.
4	Progress appointment of the second co-opted independent person to the Committee. Progress appointment of the second co-opted independent person to the Committee.	Responsibility: Head of Audit and Risk with support from Democratic Services, and engagement from Audit and Committee Chair, Vice Chair and Members. Timescale: Arrangements to be discussed with Chair and Vice Chair, relevant officers before July 27 th meeting.	The Committee agreed to progress the recruitment to the second co-opted person to the Committee at its meeting on 27 July 2023. Following a successful recruitment process, Mrs Jennifer Clark has been appointed as the second co-opted member at full Council on 18 October.

Recommendation 2:

Once the Committee's terms of reference has been revised, look for ways to reduce the length of the agenda, including identifying items that could be dealt with outside the committee cycle and reporting only those matters where audit committee input is needed. The briefing sessions should be used to this effect. Keep the audit committee and standards roles separate.

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5	Agenda items should be clearly linked to the Committee's Terms of Reference. Each report to the Committee should be clear on why the report is being brought to the Committee, the decision or response needed by the Committee, and what assurances the report provides.	Responsibility: Head of Audit and Risk, Director of Governance and Compliance, Director of Finance and Customer Services and report authors. Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting.	Report writers will be being encouraged to include clear links to the Committee's Terms of Reference. This will be checked through the report review and clearance processes.
6	The Work Programme and/or Terms of Reference should include an indication of how frequently each aspect of the Terms of Reference needs to be addressed; for example, the work programme needs to be reviewed at	Responsibility: Head of Audit and Risk, Democratic Services Officer and report authors.	Following the review and refresh of the Terms of Reference, a supplementary document for the Committee will be created, which will advise on these aspects. This will be an

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	each meeting, whilst some reports are received annually only.	Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting	informal document for the Committee's benefit.
7	Retain public speaking on the agenda for each meeting but should follow the usual time allowances set out in Committee Procedure Rules.	Responsibility: Democratic Services, Chair and Vice Chair Timescale: Can be implemented once endorsed.	Public Speaking has been retained on the agenda. The usual timing allowances are recommended to be followed and have been followed since May 2024.
8	Agreement on taking reports for noting and managing agenda length will be discussed with the Chair and Vice Chair and senior officers supporting the discussion, with briefing sessions for the full Committee on the forthcoming meeting agenda items being introduced.	Responsibility: Head of Audit and Risk, Director of Governance and Compliance, Director of Finance and Customer Services, Chair and Vice Chair. Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting.	Agenda items, agenda length and the appropriate format of report are discussed as part of the post meeting/preparation meetings between lead officers and the Chair and Vice Chair. All committee member briefings for each meeting have been introduced.
9	As contract non-adherences and waivers are reported to the Finance Sub-Committee, to avoid duplication, these should not be brought to the Audit and Governance Committee, unless there are specific concerns identified by Finance Sub Committee around trends and patterns which should be brought to Audit and Governance Committee.	Responsibility: Director of Finance and Customer Services Timescale: Can be implemented once endorsed.	The annual procurement report, which included the detail on contract non-adherences and waivers trends for the year was reported to the Audit and Governance Committee in July 2023. No concerns have been raised by the Finance Sub Committee for consideration by the Audit and Governance Committee since May 2023.
10	When the Committee agenda requires consideration of Code of Conduct/standards items, the agenda should be arranged to provide a clear break between these items.	Responsibility: Director of Governance and Compliance, Democratic Services Officer Timescale: Can be implemented once endorsed, and as required.	No Code of Conduct items have been required to be considered by the Committee since May 2024.

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			As and when this is necessary, the Committee agenda will be arranged to ensure there is a clear break between other agenda items, and Code of Conduct matters.
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Recommendation 3

Develop person specifications for the chair of the audit committee and its members. Carry out a skills audit of the committee and develop a relevant training programme, both to support those who are new to the Committee and as a refresher for more experienced members. Training should support members to discuss and agree how the Committee is going to address a topic and should be undertaken both to share knowledge and to develop an appropriate culture for the Committee. We suggest that the training offered and the take up are included in the annual report of the Committee (see recommendation 9) and also in the AGS. Training should be mandatory for all committee members at the start of each electoral term and when joining or returning to the Committee mid-term

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11	A skills audit can be carried out early in the term of the new Committee, and this will inform the programme of training and informal briefings to develop the Committee's overall knowledge and understanding.	<p>Responsibility: Head of Audit and Risk, Democratic Services</p> <p>Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27th meeting.</p>	<p>A skills audit will be carried out before the end of 2023, with the results being used to inform a programme of training.</p> <p>Committee members and substitutes have all received induction training. Members have been invited to sessions on the preparation of the statement of accounts and the work of internal audit.</p>
12	Training offer and take up to be included in the annual report of the Committee, the Annual Governance Statement. Additionally, the wider Member Training offer and take up will be included in the annual Monitoring Officer report to the Committee.	<p>Responsibility: Head of Audit and Risk, Director of Governance and Compliance.</p> <p>Timescale: Can be implemented once endorsed.</p>	This content will be included in the Committee's Annual Report 2023/24.

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Recommendation 4			
Consider asking each party to nominate a committee substitute who will be trained in the same way as a permanent member of the committee. Only these trained substitutes should be allowed to cover for an absent member.			
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13	This is currently happening informally, as substitutes are provided with induction training, and the same substitutes tend to be used. By asking groups for nominated substitutes, these substitutes would be invited to briefings and training sessions to ensure their level of knowledge is maintained. The Terms of Reference will retain reference to trained substitutes being able to cover absences.	Responsibility: Head of Audit and Risk, Director of Governance and Compliance, Group Leaders and Administrators Timescale: Can be implemented once endorsed.	Since May 2023, any substitutes who have needed to attend the Committee received induction training, and briefing on the items on the agenda for the meeting they are covering. The Terms of Reference will include reference to trained substitutes being able to cover absences.

Recommendation 5:			
Consider requiring a delay before members who have previously held senior positions in the council are included on the Audit and Governance Committee. Consider also excluding members who are senior in political groups.			
Ref	Proposed Actions	Responsible person and date	October 2023 Update
14	The adoption of the delay in joining the Audit and Governance Committee, for members who have previously held senior positions in the Council, and members who have held senior roles in political groups to be included in the revision of the Committee's Terms of Reference.	1. Responsibility: Head of Audit and Risk, Director of Governance and Compliance, Group Leaders and Administrators Timescale: See Recommendation 1	This is being included in the proposed Terms of Reference.

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Recommendation 6: Maintain a strategic approach to risk, focussing on the material matters around risk management arrangements. Taking deep dives into individual strategic risks may be helpful if acting as a risk committee, inviting risk owners to present their risks, to enable a more informed discussion and to increase risk accountability.			
Ref	Proposed Actions	Responsible person and date	October 2023 Update
15	Ensure the revisions to the Terms of Reference emphasise the role of the Committee in receiving assurance on the effectiveness of the risk management framework and risk management processes including “deep dives” on the strategic risk register items.	Responsibility: Head of Audit and Risk, Director of Governance and Compliance, Timescale: See Recommendation 1	This is being reflected in the proposed Terms of Reference.
16	Provide training to the Audit and Governance Committee on undertaking “deep dive” reviews.	Responsibility: Head of Audit and Risk Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting.	This will be included in the risk management section of the Committee’s training programme.

Recommendation 7 The Audit and Governance Committee must formally review the full accounts, demonstrating their active engagement in this delegated responsibility. If the current arrangements continue, all questions dealt with outside meetings, other than purely technical ones, should be raised and answered in a formal meeting to ensure a transparent discussion. The report accompanying the accounts should set out members’ role, requiring them to challenge, review and approve the accounts rather than noting them.			
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17	A focused workshop on the statement of accounts and the Committee’s role in relation to them will be scheduled, with the expectation that this will enable the Committee to engage positively and constructively in the Committee meetings.	Responsibility: Director of Finance and Customer Services, Head of Financial Services Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting.	A workshop was held on Friday 28 th July for Cheshire East Members. Further sessions will be arranged after discussion with Committee Members.

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Recommendation 8			
Meet internal and external audit separately, formally and in private at least once a year and meet internal audit informally between meetings.			
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18	Meetings with the Chair and Vice Chair of the Committee and the Council's External Auditors prior to each Committee meeting already take place. These could be developed to ensure that the full Committee meet with External Audit at these meetings, or ahead of the Committee a couple of times a year – useful timing of this would probably be to coincide with report on the external audit plan approach, and the completion of their work.	Responsibility: Director of Finance and Customer Services, Head of Financial Services Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting.	Meetings with the Chair and Vice Chair, and the Council's External Auditors are scheduled ahead of each Committee meeting. The External Auditors will be invited to meet with the full Committee ahead of the completion report.
19	Meetings with internal audit could be included as part of wider briefing on progress against the annual internal audit plan.	Responsibility: Head of Audit and Risk Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting.	The Head of Audit and Risk is in regular contact with the Chair and Vice Chair of the Committee. Members received a briefing on the work of internal audit on 30 October, and further suggestions on briefing the Committee on the work of internal audit are being considered.

Recommendation 9			
The Committee and officers should work together to rebuild trust and a mutually supportive relationship. In particular, members must respect the confidentiality of the information shared with them in the Committee.			
Ref	Proposed Actions	Responsible person and date	October 2023 Update
20	As per proposed action (8), all member briefings will be introduced to ensure members and officers have greater opportunity to discuss the agenda items in detail, and build knowledge and experience, which will support	As per proposed action (8).	These have been introduced and are being held by Teams to facilitate the greatest possible attendance.

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	Members to ask constructively challenging questions in the public Committee meetings.		Feedback from members on the briefings to date has been positive.
21	When appropriate, informal briefings will be used to cover confidential background information on reports. Members and officers would both need to respect the confidentiality of the information being shared and understand the reasons for the need for it to remain confidential. Respecting this will be key to building trust and support between the roles of members and officers	<p>Responsibility: Head of Audit and Risk, Director of Governance and Compliance, Director of Finance and Customer Services, Chair, Vice Chair, Group Leaders and Group Administrators.</p> <p>Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27th meeting.</p>	<p>Informal briefings have been used to support the S106 internal audit review and its receipt at the 28 September meeting.</p> <p>Officers and Members found this approach to be constructive and useful.</p> <p>This approach will be used as and when needed.</p>
<p>Recommendation 10</p> <p>Focus Committee discussions and activities towards the future, learning lessons, looking for improvements and supporting solutions that help the Council to operate effectively. Any working groups should be properly constituted.</p>			
Ref	Proposed Actions	Responsible person and date	October 2023 Update
22	The revisions to the Terms of Reference (Proposed Action 1) need to make it clear that the Audit and Governance Committee is a Committee of the Council and serves to ensure that the Council is functioning as it should. A reminder could be given by the Chair at the start of the meeting to provide focus on what is required from the Committee.	As per proposed action (1).	<p>This action has been supported by constructive input from Members and reflected in the recommendations to the Committee in each report.</p> <p>Consideration on how any working groups should be constituted has been addressed on an individual basis and agreed by the Committee.</p>

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Recommendation 11 Produce an annual report to the Council from the Audit and Governance Committee Chair. Also consider producing a short briefing note from the Chair after each meeting, summarising the key points to be shared with all members.			
Ref	Proposed Actions	Responsible person and date	October 2023 Update
23	An annual report of the Committee to Council is produced, but the observations on how this could be improved in terms of the outcomes and impact of the Committee's work will be included, along with any recommendations for what the Committee needs to include, or can stop doing, if appropriate. The content of the annual report will also be supported by the regular debrief meetings which will be introduced as per proposed action (2).	Responsibility: Responsibility: Head of Audit and Risk, Democratic Services Officer, Chair, Vice Chair, Timescale: Arrangements to be discussed with Chair and Vice Chair and relevant officers before July 27 th meeting.	This production of the 2023/24 Annual Report of the Committee will reflect the impact of the actions of the review and how they have been implemented.