

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Monday, 31st March, 2025 in the Capesthorne Room, Macclesfield
Town Hall, SK10 1EA

PRESENT

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

Councillors B Drake, S Adams, A Heler, P Redstone, J Snowball, Mr R Jones
and Mrs J Clark.

OFFICERS IN ATTENDANCE

Janet Witkowski, Acting Governance, Compliance and Monitoring Officer
Adele Taylor, Interim Executive Director of Resources and S151 Officer
Sal Khan, Interim Director of Finance
Josie Griffiths, Head of Audit, Risk and Assurance
Michael Todd, Acting Internal Audit Manager
Gareth Pawlett, Director of Digital
Julie Gibbs, Data Protection Officer
Nikki Bishop, Democratic Services Officer

63 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor G Marshall and
Councillor C Hillard. There were no substitutes present.

64 DECLARATIONS OF INTEREST

There were no declarations of interest.

65 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 24 February 2025 be approved as
a correct record and signed by the Chair.

66 PUBLIC SPEAKING TIME/OPEN SESSION

There were no registered speakers.

67 ACTION LOG

The committee noted that all outstanding issues on the action log had
been completed/were on the agenda for today's meeting.

RESOLVED:

The action log be received and noted.

68 UNIT 4 BRIEFING

The committee considered the report which provided an update on a range of activities designed to enhance the usability, efficiency and perception of Unit4 in Cheshire East through various initiatives including governance changes, functionality improvements, performance enhancements and process reengineering.

Concerns of School Business Managers following a review of Unit4 were raised and noted. It was confirmed that the feedback from schools would form part of the improvement work of Unit4 and that there was work underway to pick up issues however statutory elements such as payroll and HMRC returns had to be prioritised to ensure that the authority carried out its statutory duty.

The committee agreed that effective communication and engagement was key as changes were implemented and improvements made. It was important that customer satisfaction needed to be built into the overall programme as part of the performance management framework going forward. The committee were pleased that performance reporting would include measures on customer satisfaction.

It was queried if there were any anticipated cost overruns as a result of the service improvements that had been identified. It was noted that the current known requirements for the costs of change were reflected in the budgets approved by the council in the Medium-Term Financial Strategy 2025-26 – 2026-29 however it was too early to fully estimate the full financial impacts and that this would need to be monitored throughout the process. It was clarified that whilst the approved budget included costs of redesign, more significant options/changes, such as a disaggregated service, would need careful consideration and supporting High Level Business Case. All options were being explored, and no final decisions had been made the priority of the review was to optimise the Unit4 system.

RESOLVED:

That the briefing report be received and noted.

69 COMPANIES AUDITED FINANCIAL STATEMENTS, EXTERNAL AUDIT FINDINGS AND ACTION PLAN 2023/2024

The committee considered the report which presented the audited financial statements of ANSA Environmental Services Ltd and Orbitas Bereavement Services Ltd for the year 2023-24.

The committee noted the internal control issue/risk relating to VAT, and that testing performed during the course of the external auditors' work noted that multiple invoices had been dated pre year end but not invoiced by suppliers resulting in incomplete accrued expenses and VAT recoverable. Members queried if the council took steps to reclaim VAT at the earliest opportunity. In response, officers confirmed that processes were in place to recoup VAT at the earliest opportunity and the issue reported by the external auditor reflected a timing difference in how VAT is reported in the VAT return and that reported in the general ledger trial balance figure. This matter was raised in the prior year audit and the difference between the two figures related to March invoices paid in April which are included in the VAT return for March (at the end of April) and whilst the expense was recognised in the accounts to 31 March via accruals, the VAT on the expense was not recorded until the invoice was processed/paid in April. The VAT return process and related data from Unit4 ERP was consistent across the Cheshire East Group.

The committee queried the issue reported in relation to 'cash at bank' and the external auditors' comments that when performing their bank reconciliation, it was noted that the reconciling items on the bank reconciliation were not true reconciliation items. Assurance was provided that this related to small differences in the timing of payments (payments that were received after the cut-off – typically in the evening, via online payments). A live check-in of the bank account would be performed on 31 March into the evening to ensure that any late transactions were captured and coded before the end of year cut off.

RESOLVED:

That the Audit and Governance Committee

1. Note the Audit Findings Reports for each Council owned company for the year ending 31 March 2024.

70 CERTIFICATION OF HOUSING BENEFIT SUBSIDY CLAIM AND TEACHERS PENSIONS RETURN 2023-24

The committee received the report which presented the outcome of the External Auditors' certification progress for the 2023-24 Housing Benefit Subsidy claim and the 2023-24 Teachers' Pension End of Year Certificate.

It was noted that External auditors, KPMG, undertook the assurance processes. The audit of the Housing Benefits Subsidy Claim was completed with no errors or exemptions and no recommendations for improvements made to the Department of Work and Pensions. The audit of the 2023-24 Teachers' Pension End of Year Certificate identified two exceptions, which were reported to management to prevent re-occurrence.

RESOLVED:

That the Audit and Governance Committee

1. Note that, as a result of the audit testing of the 2023/24 Housing Benefit Subsidy claim, no errors or exemptions were found and no recommendations for improvements were made to the Department of Work and Pensions.
2. Note that following the audit of the 2023/24 Teachers' Pension End of Year Certificate, two errors/findings were reported to management.

71 WHISTLEBLOWING POLICY UPDATE

The committee received a verbal update on the progress made to date in developing a revised Whistleblowing Policy. It was reported that a working-group of the Audit and Governance Committee would be arranged and was hoped to take place before the end of the month.

Consultation and development of the policy had involved a wide-range of staff, including: HR Business Partners, Brighter Future Champions, the Monitoring Officer and newly appointed Director of People. The discussions with these individuals/groups had been extremely positive and resulted in further amendments being made to the policy. It was reported that a confidential draft of the policy would be shared with members of the working group.

It was confirmed that a wide package of supporting documentation would be developed to support the roll-out of the revised Policy, including E-Learning training and a Frequently Asked Questions guide.

The committee welcomed the update, and the engagement that had been undertaken to date with staff across the organisation which provided assurance that the policy would be meaningful and well understood by those who may need to engage with it, in the future.

The proposed final policy would be considered by the Audit and Governance Committee in May, which would subsequently be recommended to Full Council in July for adoption.

RESOLVED:

That the verbal update be received and noted.

72 INTERNAL AUDIT PLAN 2025-26

The committee considered the report which set out the proposed Internal Audit Plan for 2025-26. The proposed plan, if delivered, would provide sufficient coverage for the Head of Audit, Risk and Assurance to provide

their annual Internal Audit Opinion for 2025-26 at the end of the municipal year.

The committee queried the resources that were available to deliver the plan, and if these were sufficient. It was reported that whilst the resources within the Internal Audit Team were adequate to cover the majority of the work, some specialist areas such as ICT, would need to be delivered through external support, which was within agreed budgets. It was highlighted that, should the committee agree the plan, minor changes throughout the year would be approved by the Governance, Compliance and Monitoring Officer and Executive Director of Resources and S151 Officer, and any major changes would be brought back to the committee for further consideration.

The committee asked a number of questions, as summarised below.

The committee queried the new changes arising from the recently introduced CIPFA standards for internal audit. It was agreed that this issue would be best covered through an all-committee briefing however a number of the key principles remained the same. Officers committed to arranging a briefing session for the committee.

The new Artificial Intelligence (AI) platform policy and framework, agreed earlier this month by the council's Corporate Policy Committee, was noted. It was anticipated that the introduction of the new framework/policy would generate substantial savings. The committee queried if the internal audit plan would review potential financial risks and the processes and controls in place. It was confirmed that various lead officers attended the 'Strategic Information Governance Group' where applications and specific uses for AI would be consulted and considered to ensure they did not undermine the control environment. Data analytics and AI were an area that the internal audit team would be exploring further.

The committee sought assurance that the council would be compliant with the Procurement Act 2023, which was effective from February 2025 and how this affected council procedures. Officers confirmed that there was a plan to review controls/measures in place to ensure that the council was compliant with the Act and that assurance would be provided to the committee at a later stage.

RESOLVED (unanimously):

That the Audit and Governance Committee

1. Approve the Internal Audit Plan 2025/26.
2. Note that the plan details priority work during quarters 1 and 2 along with additional areas for consideration during quarters 3 and 4. Progress against the plan and the priorities for the last 6 months of

2025/26 will be reported back as part of the regular updates to the committee.

73 SCHOOL CATERING - DECISION OF CHILDREN AND FAMILIES COMMITTEE

The committee received the report which responded to concerns raised by Audit and Governance committee members regarding the decision taken by the Children and Families Committee in relation to school catering. Members had queried the governance process that this had followed and its subsequent impact on the Adults and Health Committee.

The committee welcomed the report, and the steps that the Governance, Compliance and Monitoring Officer had taken to investigate the timeline and process followed, and their findings and conclusions.

The committee noted the amendments made to the Constitution last year which provided that, where a matter covered more than one committee's terms of reference, the matter would, in consultation with the relevant committee Chair, Vice Chair and main opposition group member, be placed on the agenda of the committee where the majority of the matter, report or recommendation/s fall. Prior to the matter being placed on the agenda, the report on the matter would be circulated to the non-majority committee members ('the minority committee') for comments, which would be provided by way of a verbal update to the majority committee, when the matter was due to be presented. The Chair or any other member of the minority committee would be able to attend the meeting to speak on the item and the Chair of the majority committee would exercise their discretion in favour of allowing them to do so. The committee agreed this would place greater responsibility upon lead officers and Chairs to ensure that this was process was followed correctly.

RESOLVED:

That the briefing report be received and noted.

74 BI-ANNUAL UPDATE ON INFORMATION REQUESTS

The committee received the report which provided a six-month update on information requested received under the relevant information rights legislation (Freedom of Information Act 2000, Environmental Information Regulations 2004, Data Protection Act 2018 and UK General Data Protection Regulation).

The committee noted that FOI/EIR requests continued to increase at a rate of 14% and that compliance had dropped slightly from 90% to 88%, primarily as a result of increased demand and complexity of requests. Requests received under DPA/GDPR did not increase in the first half of 2024-25 compared to the same period the previous year. There was a reduction by 2% and compliance had improved from 81% to 85%.

The committee noted that the council proactively published information that was of particular interest to members of the public/requesters however this sometimes generated more requests for further information.

The committee thanked officers for the report and the assurances it provided.

RESOLVED:

That the Audit and Governance Committee note the report and update provided on information requests.

75 WORK PROGRAMME

The committee considered the Work Programme. The following issues were noted:

- The committee raised concerns in relation to protocols for members of the public and visiting members to speak at committee meetings. Members also highlighted concerns regarding the extent of officer delegated decisions and the impact that these decisions had on local ward members. Members felt that further work was needed for members to fully understand the nature of delegations to officers and agreed that the rights of ward members needed to be protected when decisions impacting their wards were made. In response, officers confirmed that these matters were being picked up by the Corporate Leadership Team.

RESOLVED:

That the Work Programme be received and noted.