

## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Tuesday, 29th March, 2011 in Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

### **PRESENT**

Councillor M J Simon (Chairman)  
Councillor A Kolker (Vice-Chairman)

Councillors B H Dykes, J Hammond, M Lloyd, J Narraway and M J Weatherill

### **IN ATTENDANCE**

Vivienne Quayle	Head of Policy and Performance
Lisa Quinn	Borough Treasurer
Julie Openshaw	Deputy Monitoring Officer
Arthur Pritchard	Head of Assets
Jo Rozsich	Head of Communications
Sandra Smith	Compliance Unit Manager
Neil Taylor	Internal Audit Manager
Joanne Wilcox	Corporate Finance Lead
Carol Jones	Democratic Services Officer

Councillor David Brown      Cabinet Member

Andrea Castling              Audit Commission  
Judith Tench                  Audit Commission

### **APOLOGIES**

Councillors S Conquest and M Hardy

### **43 DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **44 PUBLIC SPEAKING TIME/OPEN SESSION**

In accordance with Procedure Rules Nos. 11 and 35, a total period of 10 minutes was allocated for members of the public to address the Committee on any matter relevant to its work, or to ask questions.

There were no questions from members of the public and the Committee proceeded to its next business.

#### 45 **MINUTES OF PREVIOUS MEETING**

**RESOLVED:**

That the Minutes of the Meeting held on 25 January 2011 be approved as a correct record.

#### 46 **CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT**

The Committee considered a report which provided a summary of the key findings identified during the Audit Commission's certification process for 2009-2010 specific grant income. The report also included recommendations arising from the auditor's assessment of the Council's arrangements for preparing claims and returns and information on claims which had been amended or qualified.

It was noted that the fees associated with the grant certification work in 2009-2010 were £77,170.

**RESOLVED:** That the Grants Certification Report be received.

#### 47 **PROGRESS REPORT - AUDIT 2010-2011**

The Committee considered the report of the Borough Treasurer and Head of Assets which updated Members on progress against the 2010-2011 Audit Plan which had been presented to the Committee on 25 January 2011.

The Audit Commission was required to carry out the audit of the financial statements under the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

Ms Castling (Audit Commission) spoke to the report and responded to Members' questions.

During discussion of this item, Members asked for an update on the internal audit of the voluntary redundancy scheme (Minute 33 – 25 January 2011). It was confirmed that this was in progress and an undertaking was given to provide a copy of the Terms of Reference to Members of the Committee.

**RESOLVED:** That the Audit Progress Report 2010-2011 be received.

#### 48 **SALE OF COUNTY HALL**

The Committee considered a report from the Audit Commission, as external auditors of both Cheshire West and Chester Council and Cheshire East Council in respect of the sale of County Hall, Chester.

The report outlined the legal issues relating to the sale, the views of the Audit Commission relating to compliance and recommendations for the future.

The report contained six recommendations, three of which related to Cheshire East Council –

Recommendation 2: consider sharing specialist advice where appropriate in future.

Recommendation 3: review the approach to the sale of County Hall to identify any lessons that can be learned for future decision-making and the ongoing rationalisation of their property.

Recommendation 6: the Consultation Strategy should include proper consideration of circumstances where the Council will consult and involve local people in meaningful ways.

Comments/observations were made by Members and these were responded to by Officers as appropriate.

The Committee was assured that Officers would be working with Cheshire West and Chester Council to develop a protocol which could be applied to other assets which the Council may wish to dispose of.

**RESOLVED:** That the report be received.

#### 49 **FINAL ACCOUNTS PROGRESS REPORT**

The report of the Borough Treasurer and Head of Assets provided the Committee with –

- An update on the issues contained within the Audit Commission's Final Accounts memorandum;
- Progress to date on the implementation of International Financial Reporting Standard compliant accounts;
- Updated accounting policies; and
- Potential changes to the way in which the accounts were presented to members for approval in the future.

Under the present Account and Audit Regulations the Council's draft unaudited accounts would be approved by the Committee before presentation for audit, and this would normally take place at the end of June. The audited accounts would then be presented to the September meeting of the Committee for approval.

Under changed legislative proposals, there would be no requirement for the Committee to approve the accounts in advance of presentation for audit, but these would need to be approved by the S.151 Officer (Borough Treasurer and Head of Assets) prior to submission for audit.

If changes in legislation were not approved before June, the Committee would be asked to approve the accounts, as in previous years at its June Committee meeting.

It was noted that a training session on the new regulations would be arranged for Members later in the year.

**RESOLVED:** (a) That progress be noted on preparations for producing the year-end accounts for 2010-2011; and

(b) That the impact of the amended reporting requirements for the June 2011 meeting be noted.

#### 50 **OPERATIONAL PROCEDURES FOR COVERT SURVEILLANCE - REGULATION OF INVESTIGATORY POWERS ACT 2000**

The Committee considered the report of the Head of Policy and Performance which sought to provide assurance for Members that Cheshire East Council was complying with the requirements for covert surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA).

RIPA was designed to control the use of surveillance to ensure that less intrusive options had been considered and that the necessity and proportionality of any surveillance had been assessed and that it had been properly authorised. The key use of RIPA was for the purpose of preventing or detecting crime, or preventing disorder.

It was noted that the Government was currently conducting a review of the use of RIPA and access to communications data. The administration of this would have implications for the Authority.

**RESOLVED:** That the Committee note the requirements of RIPA legislation and the actions in place to ensure that the Council complied with these requirements.

#### 51 **BUSINESS CONTINUITY UPDATE**

The Civil Contingencies Act 2004 required Local Authorities, together with other organisations, to be prepared to deliver key functions in an emergency.

The report of the Head of Policy and Performance provided assurance that Cheshire East Council had business continuity plans in place to provide critical services under a number of different emergency scenarios.

**RESOLVED:** (a) That the requirements of the Civic Contingencies legislation be noted; and

(b) That the Committee was satisfied that actions were in place to ensure that the Council complied with the requirements of the legislation.

## **52 RISK MANAGEMENT UPDATE**

The Committee had a key role in providing an oversight of the effectiveness and embedding of risk management processes and in testing and seeking assurance about the effectiveness of control and governance arrangements.

In order to form an opinion on these arrangements, the Committee needed to establish how key risks were identified, evaluated and managed, and the rigour and comprehensiveness of the review process.

The report of the Head of Policy and Performance provided the Committee with a summary of the key corporate risks and risk management work undertaken since the last report.

During consideration of the report, Jo Rozsich, Head of Communications, made a presentation to Members in respect of reputational risk.

**RESOLVED:** That the report on risk management be received.

## **53 INTERNAL AUDIT PLAN FOR 2011-2012**

The report of the Head of Policy and Performance invited the Committee to approve the Internal Audit Plan for 2011-2012.

The Authority was required to maintain an adequate and effective system of internal audit in accordance with the Accounts and Audit Regulations 2003, as amended.

Members raised the issue of the Council's responsibility to respond to Freedom of Information requests versus the cost of providing the information. Officers assured Members that this was being kept under regular review. There were some individuals who made repeat requests, and wherever possible, "requestors" were directed to information which was already publicly available on the website or contained in other documents. Transparency was important to the Council and measures were taken to ensure that information was easily accessible. An open approach was adopted in respect of the provision of information which was balanced against the appropriate use of staff resources.

**RESOLVED:** That the approach to internal audit planning be endorsed and the Internal Audit Plan 2011-2012 be approved.

## **54 UPDATE ON ANNUAL GOVERNANCE STATEMENT 2010-2011**

The joint report of the Head of Policy and Performance and the Borough Solicitor provided an update on the work being undertaken to produce the Annual Governance Statement 2010-2011.

**RESOLVED:** That progress towards the completion of the Annual Governance Statement be noted.

#### 55 **AUDIT & GOVERNANCE COMMITTEE SELF-ASSESSMENT**

The report of the Head of Policy and Performance aimed to facilitate compliance with the requirements of the Accounts and Audit Regulations 2003, as amended, and advised Members on the results of a self-assessment of the effectiveness of the Audit and Governance Committee using the CIPFA publication "*Audit Committees – Practical Guidance for Local Authorities*".

**RESOLVED:** That the detailed outcome of the review of the system of internal audit be considered by the Audit and Governance Committee as part of the Annual Governance Statement approval process.

#### 56 **WORK PLAN**

The Committee considered the Work Plan for 2010/2011 which had been amended since its last meeting held in January 2011.

**RESOLVED:**

- 1 That the changes made to the work Plan since its previous discussion be noted; and
- 2 That the Work Plan continue to be submitted to the Committee periodically for development and approval.

The meeting commenced at 2.00 pm and concluded at 4.10 pm

Councillor M J Simon (Chairman)