

CHESHIRE EAST COUNCIL

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

PRESENT

Councillor J Hammond (Chairman)
Councillor M Hardy (Vice-Chairman)

Councillors S Corcoran, R Fletcher, S Hogben, M J Simon, M J Weatherill
and P Hoyland (for Cllr Kolker)

In attendance

Councillor M Jones, Cabinet Member for Resources

Officers

Lisa Quinn, Director of Finance and Business Services
Julie Openshaw, Deputy Monitoring Officer
Joanne Wilcox, Corporate Finance Lead
Jon Robinson, Internal Audit
Neil Taylor, Internal Audit
Joanne Butler, Risk and Business Continuity Officer
Helen Gough, Customer Relations Manager
Paul Mountford, Democratic Services Officer
Chris Mann, Finance Manager
Alex Thompson, Strategy and Funding Finance Lead
Paul Goodwin, Places Finance Lead
Dominic Oakeshott, Adults and Children Finance Lead
Steve Wilcock, Performance and Capacity Finance Lead

Audit Commission

Judith Tench
Andrea Castling

Apologies

Councillors A Kolker, D Marren and A Moran

15 DECLARATIONS OF INTEREST

No interests were declared.

16 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

17 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting of 30th June 2011 be approved as a correct record.

18 2010-11 ANNUAL GOVERNANCE REPORT

The Committee considered the Annual Governance Report for 2010-11 which was presented by Judith Tench and Andrea Castling of the Audit Commission.

The Annual Governance Report (AGR) summarised the findings from the 2010/11 Audit and identified the key issues considered by the Audit Commission before issuing their opinion on the Council's financial statements and its arrangements for securing economy, efficiency and effectiveness in the use of resources.

The AGR had concluded that the Council's financial statements as presented for audit had contained two material and a significant number of other errors. The Council needed to make further improvements to its arrangements for preparing accurate financial statements and responding to audit queries. A better quality assurance process would have corrected many of the items identified. The AGR had concluded that the Council had adequate arrangements in place to secure value for money, including effective arrangements for financial governance, planning and control.

The Officers commented that the problem was due in part to the incompatibility of information produced by different systems; this was being addressed. Arrangements were also in hand to improve monthly reporting for budget holders through the Oracle system; this would complement the existing monthly reporting arrangements to the Corporate Management Team and Cabinet.

Members sought advice from the Audit Commission on how to reduce the number of errors in the Council's Statement of Accounts in future. The Audit Commission advised that the Council should give itself more space and time within the closedown process. This would provide an opportunity to identify and correct errors at an earlier stage, which would enable the Commission to audit the accounts more quickly.

RESOLVED

That

(1) the Annual Governance Report for 2010-11 be received and noted;

- (2) the letter of representation set out as Appendix 3 to the Report be approved;
- (3) the final Statement of Accounts for 2010-11 be approved;
- (4) in future, Members of the Committee receive both the draft and the final set of financial statements at least one week before they are made public;
- (5) an abbreviated version of the accounts be produced for the benefit of members of the public; and
- (6) the Audit Commission's representatives be thanked and the Committee's appreciation be extended to those Officers involved in producing the statement of accounts and providing the recent training for Members.

19 ANNUAL GOVERNANCE STATEMENT (AGS) 2010/11

The Committee considered the Annual Governance Statement for 2010-11.

The Authority was required to prepare and publish an Annual Governance Statement to meet the statutory requirement set out in Regulation 4 of the Accounts and Audit Regulations. The purpose of the AGS process was to provide a continuous review of the organisation's governance arrangements so as to give assurance on the effectiveness of the processes and address identified weaknesses.

The Committee considered the results of the review as set out in Appendix A to the report and a list of actions to address any significant issues identified.

Members suggested a number of changes to the format of the action plan, such as carrying headings forward, which would make it easier to read.

RESOLVED

That the Annual Governance Statement for 2010-11 be approved.

20 INTERNAL AUDIT PLAN 2011/12 AND UPDATE REPORT

The Committee considered a report on progress against the Internal Audit Plan 2011-12, revisions to the plan and a summary of the work undertaken during the first quarter of 2011-12. Full details were set out in Appendix A to the report.

In some cases, the implementation dates for recommendations in the Appendix had been changed as a result of a change in management. Any

significant delays in implementing recommendations would be reported to the Committee.

RESOLVED

That

- (1) the issues identified in Appendix A to the report be noted; and
- (2) the approach identified to achieving adequate audit coverage in the remainder of 2011-12 be endorsed.

21 RISK MANAGEMENT UPDATE REPORT

The Committee considered a report summarising the key corporate risks and risk management work undertaken since the previous report.

Since the previous report, the overall risk ratings for KCR1 (Service Delivery Prioritisation), KCR11 (Opportunities) and KCR 12 (Long-term Planning) had been decreased. An emerging risk entitled Industrial Action had been added as KCR17 which dealt with the implications of industrial action for the delivery of critical services, and the contingency arrangements and business continuity plans in place to mitigate the impact.

It was noted that KCR10 (Workforce) remained unchanged since the previous report and that KCR15 (Reputation) was to be reviewed with the risk owner.

RESOLVED

That the report be noted.

22 ANNUAL REPORT OF CORPORATE COMPLAINTS AND LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW FOR THE YEAR ENDED 31ST MARCH 2011

The Committee considered a report summarising the complaints received by Cheshire East Council, and complaints about the Council dealt with by the Local Government Ombudsman, for the period 2010-11.

The Customer Relations Team had received 1,484 corporate complaints during the period. Adult Services had received 148 and Children's Services had received 50. The Council had also received 861 compliments and 247 suggestions.

The Local Government Ombudsman had received 111 enquires and complaints during the year, 50 of which had been forwarded to the Investigative Team for formal investigation. Of the 50 investigated, the Local Government Ombudsman had found that, in 95% of the cases, there

was no evidence of maladministration or injustice to the complainant. In 5% of the cases (6), Local Settlements were reached. None of these have been highlighted as a cause for concern.

Comparisons between Quarter 1, 2010/11 and Quarter 1, 2011/12 showed a reduction in the number of complaints received by the Council.

The Officers commented that even where no evidence of maladministration had been found, consideration was being given to whether lessons could be learned and services improved.

RESOLVED

That the report be noted.

23 BREACH OF THE COUNCIL'S CONTRACT PROCEDURE RULES

The Committee considered a report regarding a breach of the Council's Contract Procedure Rule.

The breach related to arrangements put in place for the collection of waste from Council premises in the former Crewe and Nantwich Borough Council. The review had concluded that poor practice had resulted in a procurement process that had breached Cheshire East Council's Contract Procedure Rules. Full details were set out in the report.

The required actions in response to the findings in the Internal Audit report were as follows:

1. a procurement exercise for the disposal of waste at Council premises should be undertaken;
2. a report should be presented to Audit & Governance Committee detailing the breach of Contract Procedure Rules and the steps taken to rectify this in line with the Constitution; and
3. the Council's Section 151 Officer and Monitoring Officer should consider whether it was appropriate for any further action to be taken in relation to the breach of Contract Procedure Rules.

An appropriate procurement exercise was now underway.

The S151 Officer and the Monitoring Officer did not propose to take any additional direct action, although lessons would need to be learned from the situation and the risk of wider breaches would have to be mitigated.

A number of additional actions were underway as outlined in the report.

Members were also asked to note that the Internal Audit Plan for 2011/12 included provision for reviewing the Council's procurement arrangements; this work was due to commence in the third quarter.

Councillor Marren, who had been unable to attend the meeting, had submitted comments on the matter which were reported to the Committee.

RESOLVED

That the report be noted.

24 WORK PLAN

The Committee considered an updated Work Plan.

To assist Members in reviewing the Work Plan, the report included details of specific areas of activity that could be included in the Plan.

Members noted that a number of changes had been made to the Work Plan since the previous meeting:

1. Reports had been included for this meeting on:
 - customer and Local Government Ombudsman complaints; and
 - Breach of contract procedure rules.
2. The Chairman's annual report to Council had been included in the unallocated section of the Work Plan.
3. The Business Continuity update had been withdrawn to enable consideration to be given to the content and frequency of future reports.
4. A final draft of the anti-fraud and corruption policy had been carried forward to the January 2012 agenda.
5. the process for the production of the Annual Governance Statement for 2011-12 would be reported to the January 2012 meeting.

Members noted that a report would be brought back on how the new Whistleblowing Policy was working.

A paper was circulated at the meeting with details of specific areas of audit and governance work which, it was suggested, individual Members of the Committee could become involved with as a means of developing specialist in-depth knowledge and expertise.

RESOLVED

That

- (1) the Work Plan, and the changes made to it since the last meeting, be noted;
- (2) the Chairman's annual report to Council be considered at the Committee's meeting in September 2012;
- (3) it be noted that the Work Plan will be resubmitted to the Committee periodically for further development and approval; and
- (4) individual Members of the Committee let the Officers know which areas of audit and governance work they would wish to become more involved with, prioritising their interests where appropriate.

The meeting commenced at 2.00 pm and concluded at 3.25 pm

Councillor J Hammond (Chairman)