

## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Audit and Governance Committee**  
held on Tuesday, 27th March, 2012 at Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

### **PRESENT**

Councillor J Hammond (Chairman)  
Councillor D Marren (Vice-Chairman)

Councillors S Corcoran, R Fletcher, S Hogben, A Kolker, A Moran, M J Simon  
and M J Weatherill

### **Officers**

Chris Mann, Finance Manager  
Julie Openshaw, Deputy Monitoring Officer  
Paul Mountford, Democratic Services Officer  
Jon Robinson, Internal Audit  
Neil Taylor, Internal Audit  
Joanne Butler, Risk and Business Continuity Officer  
Martin Grime, Lead Emergency Planning Officer

### **Audit Commission**

Judith Tench  
Andrea Castling

### **Apologies**

Councillor M Hardy

### **39 DECLARATIONS OF INTEREST**

There were no declarations of interest.

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

There were no members of the public present.

### **41 MINUTES OF PREVIOUS MEETING**

#### **RESOLVED**

That the minutes of the meeting of 31<sup>st</sup> January 2012 be approved as a correct record subject to the following amendment to resolution (2) of Minute 38 – Work Plan:

“ a thorough and robust investigation of all issues surrounding the expenditure incurred on the proposed waste transfer station at Lyme Green be added to the work plan; in particular to identify any governance

issues and whether all financial and contractual regulations have been complied with.”

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

The Committee considered a summary of the key findings identified during the Audit Commission’s certification process for 2010-11 specific grant income.

The report summarised the findings from the certification of 2010-11 claims. It included recommendations arising from the auditor’s assessment of the Council’s arrangements for preparing claims and returns and information on claims that were amended or qualified.

The report recommended the strengthening of arrangements to ensure that all claims and returns were submitted in accordance with the timetable and improvements in supporting documentation.

The fees associated with the grant certification work in 2010-11 were £74,647.

The Grants Allocation Report was attached as an Appendix to the report.

Judith Tench and Andrea Castling of the Audit Commission presented the report and answered Members’ questions.

Judith Tench also took the opportunity to announce that contracts for the provision of external audit had been provisionally granted and that the contract for the North-West had been awarded to Grant Thornton, who would become the Council’s auditor with effect from 1<sup>st</sup> September 2012. Grant Thornton were conscious of the need for continuity and would formally present themselves at an event to be held on 1<sup>st</sup> May 2012 to which Council Officers would be invited.

#### **RESOLVED**

That

(1) the Grants Certification Report be noted; and

(2) the future external audit arrangements be noted.

#### **43 INTERNAL AUDIT PLAN 2012/13**

The Committee considered the Internal Audit Plan for 2012/13.

In order to comply with the Code of Practice for Internal Audit in Local Government in the United Kingdom, a risk-based audit plan (Appendix A) had been prepared for the Committee’s approval, but not direction.

There were a number of key themes emerging within the Plan, including:

- Governance & Assurance Framework
- Proposed move to Shared Service Single Legal Entity (SLE)
- New Service Delivery models
- Business & Service Planning
- Care Management & External Provider Contracts

The report supported an effective audit planning process, based on the risks to the Authority and in accordance with the Code of Practice for Internal Audit.

When a more detailed audit plan became available, it would be shared with the specialist Member groups appointed by the Committee.

Members stressed the need to assess the quality of service provided as part of any value for money exercise. Again, this would be considered further within the Member groups.

## **RESOLVED**

That the approach to internal audit planning be endorsed and the Internal Audit Plan 2012/13 be approved.

### **44 AUDIT COMMITTEE SELF-ASSESSMENT**

The Committee considered a report on the results of a self-assessment of the effectiveness of the Audit and Governance Committee.

The results of the self-assessment were set out at Appendix A to the report. The report was generally favourable, although it recognised that the Committee's role in relation to external audit could be developed further.

## **RESOLVED**

That

- (1) the results of the self-assessment be noted, the Committee being satisfied that the self-assessment had been completed correctly; and
- (2) it be noted that the detailed outcome of the review of the system of Internal Audit will be considered by the Committee as part of the Annual Governance Statement (AGS) approval process.

### **45 BUSINESS CONTINUITY MANAGEMENT UPDATE**

The Committee considered proposed changes in committee responsibilities for the business continuity management function.

Business continuity had traditionally been reported through the Audit and Governance Committee due to its link to risk. However, it was now

considered appropriate to report on business continuity to the Sustainable Communities Scrutiny Committee, together with emergency planning issues which at present were not reported through to any committee. The role of scrutiny was to review policy and to challenge whether the executive had made the right decisions to deliver policy goals. This was different from the role of the Governance and Audit Committee which was to provide assurance that there were adequate controls in place to mitigate key risks. Therefore, it was felt that both committees should receive business continuity reports in pursuance of their respective roles.

The Committee also considered proposed changes to the organisational arrangements for dealing with business continuity.

## **RESOLVED**

That the Constitution Committee be asked to consider recommending to Council that

- (1) responsibility for considering business continuity management issues be referred to the Sustainable Communities Scrutiny Committee in relation to service issues, together with emergency planning issues, the latter of which at present are not reported through to any committee; and
- (2) business continuity remain on the agenda for the Audit and Governance Committee for risk management purposes as the Committee needs to be made aware of the arrangements in order to form a view on whether they are robust or not and at the very least as part of the training for Members, but possibly not as frequently as at present.

## **46 WHISTLEBLOWING POLICY**

The Committee considered an update on the effectiveness of the Council's Whistleblowing Policy and a breakdown of the number of reports received during 2011/12.

Managers received information about poor practice on a regular basis through their normal day-to-day activities and the majority of these matters would be addressed without the need for a formal Whistleblowing report. However, additional assurance as to the effectiveness of the current arrangements would be obtained by Internal Audit upon the completion of an exercise to raise staff awareness of the Whistleblowing Policy and following consultation with Heads of Service and senior managers as to their perception of the effectiveness of the arrangements. The outcome of this work would be reported to a future meeting.

## **RESOLVED**

That

- (1) the report be noted and the proposed actions for the ongoing review of the Council's Whistleblowing arrangements be endorsed; and
- (2) consideration be given to conducting an anonymous survey of staff to ascertain the degree of satisfaction with the Whistleblowing policy.

#### **47 RISK MANAGEMENT UPDATE REPORT**

The Committee considered an update report on risk management. The report contained a summary of the Council's key corporate risks.

Since the previous update report, the ratings for the following risks had been reviewed:

KCR2	Financial Control
KCR3	Community Safety
KCR5	Vulnerable Adults
KCR10	Workforce

Further details were set out in the report.

A risk heat map showing the direction of travel for the risks from September 2011 to February 2012 was set out at Appendix A to the report.

It was noted that the report dealt with corporate strategic risks. The Officers would be undertaking a separate exercise to check the validity of operational risks within each service area.

The Committee also received reports on other work undertaken on risk management, including a self-review of effectiveness by the Corporate Risk Management Group, an Internal Audit report on the management of strategic risk and action being taken to enhance the risk management guidance for report writing.

#### **RESOLVED**

That

- (1) the risk management update report be noted; and
- (2) for the future, at each meeting of the Committee a risk owner be invited to attend to explain their mitigation plan.

#### **48 WORK PLAN**

The Committee considered an updated Work Plan.

It was noted that the report on the budget expenditure for the waste site at Lyme Green had been deferred to a later meeting.

It was also noted that the work plan did not address any future meetings at this stage.

## **RESOLVED**

That

- (1) a special meeting of the Committee be held before the end of the Council year to consider the budget expenditure on the Lyme Green site, the arrangements for the special meeting to be determined in consultation with the Chairman;
- (2) the specialist sub-groups appointed by the Committee to consider specific aspects of the Committee's work be asked to identify items for inclusion on the work plan for consideration at the Committee's next ordinary meeting; and
- (3) the issue of risk management be included as a standard item for all future meetings of the Committee.

The meeting commenced at 2.00 pm and concluded at 3.40 pm

Councillor J Hammond (Chairman)