

# CHESHIRE EAST COUNCIL

## Audit and Governance Committee

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<b>Date of Meeting:</b>	31 <sup>st</sup> January 2013
<b>Report of:</b>	Chief Executive/Director of Finance & Business Services
<b>Subject/Title:</b>	Annual Governance Report Action Plan - Progress Report and Annual Audit Letter 2011/12
<b>Portfolio Holders:</b>	Councillor Peter Raynes (Finance) and Councillor Barry Moran (Performance)

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### 1.0 Report Summary

- 1.1 The Annual Governance Report was presented by the Audit Commission to the Audit & Governance Committee on 27<sup>th</sup> September 2012. The Council was issued with a partially qualified opinion on its provision of value for money. The Auditors concluded that "the Council has adequate arrangements for securing economy efficiency and effectiveness except for: weaknesses in its arrangements to develop business proposals and manage significant projects." The Annual Governance Report (AGR) included four recommendations intended to improve the Council's arrangements to secure value for money.
- 1.2 In response to the recommendations a detailed action plan was approved by Cabinet on 10th December 2012.
- 1.3 The AGR Action plan (Appendix 1) together with the Audit Commission Annual Audit Letter (AAL) was reported to Council on 13<sup>th</sup> December 2012. The AAL provided recognition of the progress already made by the Council in securing value for money this financial year and the strategic and ambitious direction of travel for the future, through a new vision for Cheshire East.
- 1.4 An update on progress against the AGR Action Plan is included at Appendix 3.

### 2.0 Recommendations

- 2.1 That the Committee note the AGR Action Plan and the positive endorsement on its progress acknowledged in the Annual Audit Letter (Appendix 2).
- 2.2 That the Committee note and comment on the further improvements put in place to date against the AGR Action Plan. (Appendix 3).

### **3.0 Reasons for Recommendations**

- 3.1 Cabinet recommended that this Committee should receive a progress report on the Action Plan at its meeting on 31<sup>st</sup> January 2012 and recognised its role in gaining assurance from the improvements to governance arrangements, processes and internal controls.

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### **wards Affected**

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- 4.1 All

### **5.0 Local Ward Members**

- 5.1 All

### **6.0 Policy Implications**

- 6.1 There are no direct policy implications associated with this decision.

### **7.0 Financial Implications (Authorised by the Director of Finance and Business Services)**

- 7.1 As covered in the report.

### **8.0 Legal Implications (Authorised by the Borough Solicitor)**

- 8.1 The Audit Commission is required under Section 5 of the Audit Commission Act 1998 to satisfy itself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires it to report to the Council its conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

### **9.0 Risk Management**

- 9.1 By identifying an Action Plan in response to the Audit Commission recommendations for improvement, and demonstrating the achievement against the Action Plan, the Council is mitigating the risk of an adverse Value for Money conclusion for 2012/13.
- 9.2 By making the approval of the Council's response a Cabinet decision, the Leader recognised the importance of the response and its relevance to the Council's plans for improvement.

### **10.0 Background and Options**

- 10.1 The Annual Governance Report was presented by the Audit Commission to the Audit & Governance Committee on 27<sup>th</sup> September 2012. The Annual

Governance Report (AGR) includes four recommendations intended to improve the Council's arrangements to secure value for money.

- 10.2 The District Auditor drew attention to the four high level recommendations, which she suggested required a whole Council response.
- 10.3 Following the meeting the decision making route was agreed by the Leader and the Chief Executive, for the Council's response to the AGR recommendations to be reported to Cabinet in December for approval and for the approved response and the Audit Commission's AAL to be received by Council in December.
- 10.4 The Director of Finance and Business Services met with the Chairman and Vice-Chairman of the Audit & Governance Committee in order for them to put suggestions forward for changes to the draft Annual Governance Report response. The changes agreed by the Leader of the Council were then made to the Cabinet report
- 10.5 It was agreed that this Committee would receive a report on progress against the AGR Action Plan together with the AAL for noting at the January meeting.

#### **11.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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#### ***Appendices***

- Appendix 1 – AGR Action Plan
- Appendix 2 – Annual Audit Letter 2011/12
- Appendix 3 – Progress against Action Plan