

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 28th March, 2013 at The Capesthorne Room - Town Hall,
Macclesfield SK10 1EA

PRESENT

Councillor J Hammond (Chairman)
Councillor L Brown (Vice-Chairman)

Councillors R Fletcher, M Hardy, S Hogben, A Kolker, W Livesley, L Roberts
and D Newton

In attendance

Councillor B Moran
Councillor P Raynes

Officers

Rachel Musson, Interim Chief Operating Officer
Mike Rowan, Interim Borough Solicitor
Chris Mann, Finance Manager
Vivienne Quayle, Head of Performance, Customer Services and Capacity
Joanne Butler, Performance and Risk Manager
Jon Robinson, Internal Audit
Neil Taylor, Internal Audit
Rachel Graves, Democratic Services

External Auditor – Grant Thornton

Judith Tench
Andrea Castling

The Chairman welcomed the Interim Chief Operating Officer,
Rachel Musson, to her first meeting of the Committee.

44 APOLOGIES FOR ABSENCE

Apologies were received from Councillors S Corcoran, D Marren and M Simon.

45 DECLARATIONS OF INTEREST

There were no declarations of interest.

46 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

47 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 31 January 2013 be approved as a correct record.

48 CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT

The Committee considered a report which detailed the key findings identified during the External Auditor's certification process for 2011/12 specific grant income.

The report summarised the findings from the certification of 2011/12 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 recognised the improvements in the process from 2010/11, and in particular, that all claims were submitted by the required date and all were audited by the audit deadline, and that there were fewer claims requiring amendments and qualifications in 2011/12.

The fees associated with the grant certification work in 2011/12 were £54,582.

RESOLVED:

That the Grants Certification Report be received.

49 EXTERNAL AUDIT PLAN 2012-13

The Committee considered a report which detailed the Audit Plan for the year ending 31 March 2013.

Grant Thornton had been appointed as the Council's independent external auditors by the Audit Commission. Their annual work programme was set in accordance with the Code of Audit Practice issued by the Audit Commission and included nationally prescribed and locally determined work.

The Audit Plan set out the work proposed to be undertaken for the audit of financial statements and the value for money conclusion. The Audit Plan also specified the level of audit fees.

The Audit Plan identified five challenges which the Council was facing:

- Financial Resilience
- Becoming a Strategic Council
- Commissioning and procurement
- Business planning and project management
- Capital planning and delivery

and outlined how these challenges would be reviewed as part of the audit.

Judith Tench and Andrea Castling were in attendance and spoke to the report.

It was agreed that that the emerging issues from the Audit Plan would be considered at the relevant Member/Officer groups.

RESOLVED:

That the Audit Plan for 2012-13, as set out in the Appendix to the Report, be received.

50 INTERNAL AUDIT PLAN 2013/14

The Committee considered the Internal Audit Plan for 2013/14.

All principal local authorities subject to the Accounts and Audit Regulations 2011 had to make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.

In order to comply with the Code, 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:

- Change programmes – impact on control environment
- Programme and Project Management
- Public Health
- Governance and Assurance Framework – new delivery models

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.

It was noted that from 1 April 2013 new Public Sector Internal Audit Standards would come into force, which would supersede CIPFA's Code of Practice. Once guidance had been published, all aspects of service delivery would be reassessed to ensure that there was proper migration to the new requirements and audit documents would then be updated to reflect the revised obligations.

RESOLVED:

That the approach to internal audit planning be endorsed and the Internal Audit Plan 2013-14 be approved.

51 AUDIT AND GOVERNANCE 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 process 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.

52 WHISTLEBLOWING POLICY

The Committee considered a report which provided an update on the effectiveness of the Council's Whistleblowing Policy and a breakdown of the number of reports received during 2012/13.

It was important to regularly review the effectiveness of the Council's policy to ensure that it remained compliant with best practice and was effective in meeting its purpose. The current policy had been reviewed by Internal Audit to ensure that it had been developed in line with current best practice identified in *Whistleblowing Arrangement Code of Practice Publicly Available Specification 1998:2008* – produced by the British Standards Institute in conjunction with Public Concern at Work.

During 2012-13 six whistleblowing reports had been received by Internal Audit, of which three were investigated and resulted in remedial action being taken within the service in question.

A further review of the Policy would be carried out in 2013-14 and would include a survey of staff awareness and views on the arrangements.

RESOLVED:

That the report be noted and the proposed actions for the ongoing review of the Council's whistleblowing arrangements be endorsed.

53 RISK MANAGEMENT UPDATE REPORT

The Committee considered an update report on risk management.

In February 2013 Cabinet and the Corporate Management Team had undertaken a risk and opportunity workshop to review the key corporate risks in achieving the Council's objectives and outcomes. The workshop had included a refresher presentation on the principles of risk management, which had provoked discussions around risk appetite and the maturity of the Council in dealing with risk.

Risk maturity was the extent to which a robust risk management approach had been adopted and applied by management across the Council to identify, assess, decide on response to, and report on opportunities and threats that affected the achievements of the Council's objectives. The range of risk maturity started at 'risk naïve' through to 'risk enabled'. Cabinet and the Corporate Management Team agreed that the Council should strive to reach the level of maturity of 'risk managed' as a minimum standard. It was judged that the Council's present level was between 'risk aware' and 'risk defined'.

Using the Three Year Plan outcomes, priorities and draft objective, Cabinet and the Corporate Management Team had identified key risk and opportunities which could impinge on their delivery. Work had begun to properly articulate these risks

and update the key corporate risk register. The identified risks related to external, strategic and operational risk areas. The Committee was asked to identify one of these areas of risk to receive a briefing on at the next meeting.

Members asked about the Council being prepared for the changes arising from the Welfare Reform Act and it was agreed that the Risk Register from the Welfare Reform Working Group would be brought to the next meeting.

RESOLVED: That

- (1) the update report on risk management be noted;
- (2) Commissioning and Services Delivery Chains be identified as the risk for consideration at the next meeting of the Committee; and
- (3) the Welfare Reform Act Risk Register be brought to the next meeting

54 UPDATE ON PROGRAMME AND PROJECT MANAGEMENT AND OTHER COMPLIANCE ISSUES

The Committee received an update on programme and project management and other compliance issues.

There had been two previous action plan/progress reports to the Committee on this topic following findings of an internal review. In future this reporting would be covered by the Council's normal performance monitoring and reporting framework. Assurance on the robustness of the relevant systems and processes formed part of the overall governance framework of the Council, the effectiveness of which was reviewed as part of the Annual Governance Statement process.

It was noted that the Gateway Model was now in place to provide assurance and controlled start up of projects and involved the Executive Monitoring Board and Technical Enabler Group. Monthly meetings of these groups were held to review, challenge and give endorsement to all new major projects and programmes.

RESOLVED: That

- (1) it be noted that all the agreed actions have now been implemented or are in progress and on target to be implemented in the coming weeks.
- (2) it be noted that the new arrangements described will now fall under the Council's normal governance and performance monitoring and reporting framework.

55 COMPLIANCE WITH REGULATION OF INVESTIGATORY POWERS ACT (2000) (RIPA)

The Committee considered a report on the Council's compliance with the Regulation of Investigatory Powers Act 2000.

The Regulation of Investigatory Powers Act 2000 (RIPA) provided a regulatory framework to enable public authorities to obtain information through the use of certain covert investigatory techniques. The Protection of Freedoms Act 2012 required public authorities to acquire judicial approval to use covert surveillance

techniques. It also restricted the use of surveillance to the investigation of offences which attracted a custodial sentence of six months or more.

The Regulation of Investigatory Powers (Communications Data) Order 2010 set out which organisations could access communications data and for what purpose. The Council was limited to accessing only service users and subscriber data i.e. the 'who' 'when' and 'where' of a communication but not the actual content.

Since 1 April 2009 a total of 38 RIPA applications had been authorised and the Council had accessed communications data on 6 occasions. The surveillance was used in order to carry out its enforcement functions effectively e.g. benefit fraud, planning enforcement, licensing enforcement, trading standards, environmental health and community safety investigations.

Notification had been received from the Office of the Surveillance Commissioner, that the Council was to be inspected on 2 May 2013 and preparations were currently underway for this visit. A report would be submitted to the Committee outlining the Inspector's findings and recommendations.

RESOLVED:

That the contents of the report in respect of the numbers of applications, actions taken to update the Regulation of Investigatory Powers Act Policy and Procedures, the forthcoming visit by an Inspector from the Office of Surveillance Commissioner, and the current arrangements in place to ensure that the Council complies with the legislation be noted.

56 WORK PLAN 2012/13

The Committee considered the updated Work Plan.

The draft agenda for the June meeting had been included in the Work Plan, however, further discussion in the specialist Member/Officer groups was necessary in order to draft the Work Programme for 2013-14.

Discussion took place on the provision of training for Standards Hearings and if the agreed processes for dealing with complaints under the Members Code of Conduct should be reviewed. It was agreed that a report should be brought to the Committee.

It was also requested that the Committee receive a report on the insurance arrangements for elected members.

RESOLVED: That

- (1) the changes to the Work Plan since the last meeting be noted.
- (2) the Work Plan be amended to show the following additional items:
 - Issues around Standards Hearing
 - Commissioning and Service Delivery Chains Risk
 - Outcome of Member/Officer Group discussion on Work Programme
 - Insurance arrangements for elected members

- (3) it be noted that the Work Plan will be re-submitted to the Committee periodically for further development and approval.

The meeting commenced at 2.00 pm and concluded at 3.30 pm

Councillor J Hammond (Chairman)