

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 28th November, 2013 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors S Corcoran, R Fletcher, S Hogben M Simon and B Murphy.

Councillors in attendance:

Councillors J Hammond and P Rayne.

Officers in attendance:-

S Antrobus – Senior Lawyer
P Bates – Chief Operating Officer
C Mann – Finance Manager
J Robinson – Audit Manager
N Taylor – Audit Manager
A Thompson – Finance Lead, Strategy and Funding
J Wilcox – Corporate Finance Lead

External Auditor : -

Stephen Nixon

28 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M Hardy, D Marren and L Roberts; also from Councillor B Moran as Portfolio Holder for Performance.

29 DECLARATIONS OF INTEREST

There were no declarations of interest.

30 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public were present.

31 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 27 September 2013 were considered and it was requested that recommendation (2) of Minute 27 (Work Plan 2013/14) be amended to read January 2014 instead of September 2013.

RESOLVED

That the minutes of the meeting held on 27 September 2013 be approved as a correct record subject to recommendation (2) of Minute 27 (Work Plan 2013/14) being amended to read January 2014 instead of September 2013.

32 ANNUAL REPORT 2012/13

Consideration was given to the draft Annual Report of the Committee for 2012/13 prior to its submission to full Council on 12 December. There is a requirement in the Council's Constitution for the Audit and Governance Committee to submit an annual report to Council to demonstrate how they have fulfilled their terms of reference and to account for their performance. CIPFA guidance states that certain key aspects be included such as the Committee's membership; a summary of activity including key topics, decisions and recommendations; and a review of the Committee's effectiveness including any external assessment results and development activity undertaken such as training and networking. The CIPFA guidance also stated that annual reports should be publicly available, readable and accessible.

RESOLVED

That the Annual Report 2012/13 be approved for submission to Council.

33 ANNUAL AUDIT LETTER 2012/13

Consideration was given to the External Auditors' findings from the 2012/13 audit of the Council's financial statements, arrangements to secure value for money and the certification of grant claims and returns; the detailed reports had been presented to the Committee at its last meeting.

The Annual Audit Letter, appended to the report, had been prepared to meet the requirements set out in the Statement of Responsibilities of Auditors.

RESOLVED

That the Annual Audit Letter be received and noted.

34 2012/13 AUDIT FINDINGS AND ACTION PLAN

Consideration was given to the management response to the 2012/13 Audit Findings Report which had been presented by the Council's External Auditors, Grant Thornton, to the Committee at its meeting on 28 September 2013.

The auditors had given an unqualified opinion on the accounts and concluded that the Council's arrangements for securing value for money were adequate. The specific recommendations of the auditors were set out in Appendix 1 of the report along with the responses of managers which, in being developed, had paid due regard to the need for the actions to be robust, realistically deliverable within agreed timescales, and proportionate taking into account the level of priority.

In considering the recommendations of the auditors and the associated management response particular discussion ensued on the budget process, on which a resume was given of the various sessions and working groups held to date, and on governance and risk management arrangements with regard to the emerging Alternative Service Delivery Vehicles (ASDV's) (Appendix 1, point 12). The Chief Operating Officer reported that he wished to strengthen this management response by adding "That a report outlining the proposed governance and stewardship arrangements and particularly the overall control environment for the operation of the new Alternative Service Delivery Vehicles is brought to the Audit and Governance Committee's next meeting in January 2014". This was agreed although a number of Members considered that there should be an all Members briefing prior to the next meeting of the Committee.

The Committee was advised that this was outside the remit of the Committee but it was moved and seconded that: -

This Committee recommends an all Member briefing on governance issues relating to Alternative Service Delivery Vehicle's in advance of the next Audit and Governance Committee meeting.

In addition it was moved and seconded that there be a named vote on this recommendation. The voting was recorded as follows: -

For the motion: - Councillors B Murphy, S Hogben, S Corcoran and R Fletcher.

Against the motion: - Councillors J Wray, L Brown and M Simon. (Councillor L Brown asked for it to be recorded that she had voted against the motion as it was outside the remit of the Committee.)

The motion was, therefore, carried.

The Committee then further requested that there be a report back to a future meeting on the terms of reference of the Committee.

RESOLVED

1. That there be an all Member briefing on governance issues relating to Alternative Service Delivery Vehicle's in advance of the next Audit and Governance Committee meeting.
2. That there be a report back to a future meeting of the Committee on its terms of reference.

35 EXTERNAL AUDIT UPDATE

Consideration was given to an update from the External Auditors on progress in delivering their responsibilities; their report highlighted topical issues and developments and also included a number of challenge questions for the Committee to consider in respect of emerging issues.

The External Auditor reported that, in response to the Council's request for the evidence to be provided earlier in the year, work would begin on the value for money conclusion in January 2014. Alternative Service Delivery Vehicles, and

the budget setting process, would be looked at along with various other areas of work.

RESOLVED

That the update report be received and noted.

36 GOVERNANCE FRAMEWORK, CODE OF CORPORATE GOVERNANCE AND THE ANNUAL GOVERNANCE STATEMENT - UPDATE

Consideration was given to the Council's Code of Corporate Governance and ongoing work in that area; and to progress achieved in relation to the Annual Governance Statement 2012/13 Emerging Issues and Action Plan, including agreement of the process for its production.

RESOLVED

1. That approval be given to the update to the Council's Code of Corporate Governance, detailed in Appendix A of the report.
2. That ongoing work on the Council's Governance Framework, detailed in Appendix B of the report, be noted.
3. That progress in relation to the Emerging Issues and Action Plan published in the Annual Governance Statement 2012/13, detailed in Appendix C of the report, be noted.
4. That the process for the production of the 2013/14 Annual Governance Statement be endorsed.

37 INTERNAL AUDIT INTERIM REPORT 2013/14

Consideration was given to progress against the Internal Audit Plan 2013/14, revisions to it, and to a summary of work carried out during the first six months of the year. In accordance with the Public Sector Internal Audit Standards Local Government Application Note the report addressed emerging issues in respect of those areas to be covered in the annual report so as to ensure there were no surprises and to assist management in drafting the Annual Governance Statement for 2013/14.

The Committee was informed that with reduced audit resource the plan was naturally focussed on 'high risk' areas, leading to assurance levels at the lower end of the scale. Following the half year review and re-prioritisation of the audit plan key audit areas for the remainder of the year were to be Alternative Service Delivery Vehicles and project health checks.

It was reported that this had been discussed at the relevant Member/Officer Group and that there were no outstanding issues.

RESOLVED

That the issues identified be noted and the approach to achieving adequate audit coverage in the remainder of 2013/14 be endorsed.

38 INTERNAL AUDIT CHARTER

The Committee was requested to consider the adoption of an Internal Audit Charter in accordance with Public Sector Internal Audit Standards and the relevant Local Government Application Note. A draft Charter had been considered by the Committee at its last meeting and, in the light of comments received, it had been amended and was now presented for approval.

The Charter formally defines the purpose, authority and responsibility of the internal audit activity within the Council. It was noted that this had been discussed in the relevant Member/Officer Group and that there were no outstanding issues.

RESOLVED

That approval be given to the Internal Audit Charter.

39 ANTI-FRAUD AND CORRUPTION ARRANGEMENTS - UPDATE

Consideration was given to progress in implementing key actions to ensure arrangements were in place to protect the Council against the threat of fraud. At its meeting in September 2012 the Committee had considered the findings of a review of the Council's arrangements against 'Fighting Fraud Locally'. An action plan had now been produced and this report provided Members with an update on progress in implementing key actions in order to provide assurance that appropriate arrangements were in place to protect the Council against the threat of fraud.

Members welcomed the action plan and requested that an annual fraud report be submitted to the Committee on an annual basis.

RESOLVED

That the report be noted and that an annual fraud report be submitted to the Committee on an annual basis.

40 ANNUAL REPORT OF CORPORATE COMPLAINTS AND THE LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REVIEW 2012/13

Consideration was given to a summary of the feedback received via the Complaints, Compliments and Suggestions process between April and September this year, and of cases concerning the Council that had been dealt with by the Local Government Ombudsman in that same period. A comparison was made with the same period in the previous year in order to identify any emerging trends.

The most frequent complaints to the Council were noted. Members requested clarification of the way in which complaints were dealt with for an Alternative Service Delivery Vehicle (ASDV). They were advised that complaints are made to the Council, passed on to the company to investigate, with a report then being made back to the Council; it was likely that this approach would continue to be the model followed for new ASDV's.

The Committee asked for their thanks to be passed on to all staff for efforts taking to reduce complaints.

RESOLVED

That, having regard to the parameters of the Committee's terms of reference the report be noted and that staff be thanked for their effort in reducing the number of complaints received.

41 WORK PLAN 2013/14

Consideration was given to the Committee's work plan for 2013/14. Requests were made for the following additions to be made: -

- Terms of Reference of the Committee – January 2014
- Governance of Alternative Service Delivery Vehicles – January 2014

With reference to minute 27 of the last meeting it was agreed that arrangements be made for the newly formed Standards Working Group, comprising Councillors Wray, L Brown, Hardy and Hogben, to meet as soon as possible.

RESOLVED

That the work plan be approved subject to the above mentioned additions.

The meeting commenced at 10.00 am and concluded at 1.00 pm

Councillor J Wray (Chairman)