



MINUTES OF GOVERNANCE COMMITTEE

MEETING DATE Thursday, 8 February 2024

MEMBERS PRESENT: Councillor Alan Platt (Chair), Councillor Mark Clifford (Vice-Chair) and Councillors Gordon France, Christine Heydon, Samantha Martin, Dedrah Moss, Jean Sherwood and Neville Whitham

OFFICERS: Louise Mattinson (Director of Finance), Jean Waddington (Principal Financial Accountant) and Ben Storey (Democratic and Member Services Officer)

APOLOGIES: Pete Ripley (Independent Person)

OTHER MEMBERS: Charlotte Fitch (Independent Person) and Matt Derrick (Grant Thornton)

23.G.59 Apologies for Absence

Apologies for absence were received from Pete Ripley (Independent Person)

23.G.60 Declarations of Any Interests

No declarations of any interests were made.

23.G.61 Minutes of meeting Wednesday, 17 January 2024 of Governance Committee

Resolved: (Unanimously)

That the minutes of the last meeting, held on Wednesday 17 January 2024, were agreed as an accurate record for signing by the Chair, subject to an additional reference in relation to the requirement to update the CMS system to ensure improvements within the procurement service.

23.G.62 Chorley Audit Findings Report 2022/23

Matt Derrick, from Grant Thornton presented the report which summarised findings from their audit for the period of 2022/2023.

Members heard that the audit was now substantively complete, subject to final quality checks and certification of the accounts. Final adjustments that had been made since the draft findings had been considered by the Committee concerned valuations, where a duplication and several land assets had been incorrectly recorded. There was a

significant adjustment with regards to how Astley Hall was accounted for, given that the Hall was now a fully operational asset following refurbishment work. As such, the Hall had been amended from a heritage asset with a nominal value of £1 to being incorporated in the accounts with a valuation of £2.3 million.

The pension liability was now a 'pension asset' and subsequently required different accounting considerations. As a result of it not being a 'true asset' the asset had been limited to nil and therefore just under £10 million had been removed from the accounts – though it was stressed that this had no impact on the value of the pension fund itself, as it was purely a required accounting treatment for the statutory accounts.

Other adjustments that were highlighted included deficiencies around ICT controls, additional conclusions around weaknesses identified on Value for Money work and changes around the accounting period for the Tatton development given the project was undertaken across different financial years.

Responding to a query as to how recommendations, particularly around valuations and bank reconciliations, are followed up and monitored, the Committee were advised that recommendations from both internal and external auditors were added to the Council's risk management system and monitored regularly by the Corporate Governance Group, which comprised of members of the senior management team. In addition, responses and progress on agreed recommendations would also be reviewed as part of subsequent external audits.

Addressing concerns around property valuations, Members were informed that a procurement exercise had been undertaken to procure a one year valuation service which will be in place for the 2023/2024 accounts. A cross-departmental working group had been established to deliver improvements to the whole valuation process in the future. Longer term, plans to undertake a joint procurement with South Ribble and Blackburn with Darwen for valuation services were being developed.

On cash and bank reconciliations, progress had been made over the last few years following a period of significant challenges. System upgrades and new processes had been implemented that had impacted on the bank reconciliation process, but the implementation issues had now been addressed and resolved, and all of the accounts are reconciled and up-to-date.

To provide the Committee with reassurance that issues that are identified in the external audits are being addressed, specifically in relation to weaknesses around IT controls and system security, Members requested interim update reports to monitor progress in this area.

Members were advised that the Public Sector Audit Appointments (PSAA) consultation had now concluded but as of yet, no further update had been provided on the proposed changes to external audit fees.

When asked, the external auditor confirmed that they were satisfied with the management responses to the recommendations within the report, noting progress made in some areas already and further reviews undertaken in subsequent audits.

Resolved – That the report be noted.

Matt Derrick, from Grant Thornton presented this report and summarised the key findings of the Auditors Annual Report for 2022/2023.

The external auditor concluded that there had been Significant Weaknesses in the Council's arrangements relating to the onboarding and governance arrangements of contractors and their access to systems, and also with the procurement service. It was however, acknowledged that progress had been made in these areas. The Committee's attention was also drawn to Improvement Recommendations included within the report, and that whilst these weren't deemed to be deficient, they were areas that could be strengthened.

Resolved – That the report be noted.

23.G.64 Statement of Accounts 2022/23

The Principal Financial Accountant presented this report which sought approval of amendments to the 2022/2023 Statement of Accounts following the completion of the external audit.

Much of the work had been completed, presented to committee and approved, but as agreed at the last committee meeting in November, the accounts would be brought back for further approval if there were any further amendments required that were deemed material to the financial position of the council.

The report highlighted these amendments covered changes around asset valuations, notably the categorisation of Astley Hall, and how the pension 'asset' is accounted for.

Resolved: (Unanimously)

That the Committee approve the statement which have been amended during the completion of the external audit to include the adjustments as outlined within the report.

23.G.65 RIPA Application Update

The Democratic and Member Services Officer confirmed that no RIPA applications had been made since the last meeting of the Governance Committee.

23.G.66 Work Programme

The Committee noted the work programme for the remaining meeting of the 2023/2024 municipal year, with the addition of the proposed new social media protocol that the Governance Working Group are reviewing at the March meeting.

23.G.67 Any urgent business previously agreed with the Chair

There was none.

Chair

Date