

MINUTES OF GOVERNANCE COMMITTEE

MEETING DATE **Wednesday, 21 March 2018**

MEMBERS PRESENT: Councillor Paul Leadbetter (Chair), Councillor Anthony Gee (Vice-Chair) and Councillor Jean Cronshaw, Alan Cullens, Gordon France, Debra Platt and Kim Snape

OFFICERS: Gary Hall (Chief Executive/Statutory Finance Officer), Chris Moister (Head of Legal, Democratic & HR Services/Monitoring Officer), Garry Barclay (Head of Shared Assurance Services), Rebecca Huddleston (Director (Policy and Governance)), Dawn Highton (Principal Auditor), Angela Barrago (Health and Wellbeing Manager) and Dianne Scambler (Democratic and Member Services Officer)

EXTERNAL REPRESENTATIVES: Mark Heap (Grant Thornton UK LLP) and Simon Hardman (Grant Thornton UK LLP)

18.G.12 Minutes of meeting Wednesday, 24 January 2018 of Governance Committee

RESOLVED – That the minutes of the Governance Committee meeting held on 24 January 2018 be confirmed as a correct record for signing by the Chair.

18.G.13 Declarations of Any Interests

No declarations of any interests were declared.

18.G.14 External Audit Plan 2017/18

The External Auditors, Grant Thornton, gave an overview of the planned scope and timing of the audit for the year ending 31 March 2018, allowing Members to understand the key requirements in bringing the plan together and the risks and consequences of the work being carried out.

The audit would focus on risks and the Committee's attention was drawn to the following significant risks that required specific audit consideration and procedures to address the likelihood of a material financial statement error:

- Management override controls
- Valuation of pension fund net liability
- Valuation of property, plant and equipment (PPE)

Their risk assessment regarding the Council arrangements to secure value for money had identified the following VFM may be a significant risk:

- Financial management and the Council's medium term financial planning arrangements.

Interim work had started in January 2018 and was still underway with final visits scheduled to take place in June and July.

RESOLVED – That the report be noted.

18.G.15 Audit Progress and Sector Update Report

The Committee received a report that showed the progress made by our External Auditors in delivering their responsibilities. The report also provided a summary of emerging national issues and developments that may be relevant to the Council and included a number of challenge questions in relation to these issues that the Committee may wish to consider.

Several points were highlighted within the report, which included, the Financial Statements Audit, Value for Money work, Changes to the prudential framework of capital finance, The Prudential Code and Treasury Management Code, Certification of claims and returns and Supply Change Insights.

Regular meetings with the Finance team and Chief Executive to discuss emerging issues were also taking place on a regular basis.

RESOLVED – That the report be noted.

18.G.16 Internal Audit Plan 2018-19 & Internal Audit Charter

The Head of Shared Assurance Services submitted a report that reminded Members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council. The report also sought Committee's approval of the 2018/19 Internal Audit Plan.

The 2018/19 Internal Audit Plan had been compiled in consultation with Directors following detailed risk assessments. The Audit Plan contained the programme of reviews for the next financial year and was appended to the report.

The Plan is based on a resource of 340 audit days for Chorley Council and 140 days for Shared Services and comprised of a mix of in-house and bought-in resources from Lancashire Audit Services (Lancashire County Council).

The Committee were also informed that the Internal Audit Charter had been reviewed against the requirements of the new UK Public Sector Internal Audit Standards (PSIAS) in readiness for its Peer Review in April 2018.

RESOLVED – Approval for the Internal Audit Plan and the Internal Audit Charter for signing by the Chair, Councillor Paul Leadbetter.

18.G.17 Risk Management Framework

The Head of Shared Assurance Services presented a report that informed of progress made in embedding risk management disciplines throughout the Council against the Council's Risk Management Framework. The report also updated on recent

improvements that had been made and demonstrated how the Council is ensuring that the management of risk remains at the centre of its day-to-day work.

During 2017/18 the Shared Assurance Services procured and implemented the GRACE (Governance, Risk Assessment and Control Evaluation) system for use within both Chorley and South Ribble Councils. Its main purpose was to facilitate a modern risk based approach to internal auditing by engaging service departments in self-assessment of their own process/system risks.

Following extensive officer training, the scope of the GRACE system has been expanded to enable completion of risk registers at all levels within each organisation including the Strategic Risk Register, Service Risk Registers and those in relation to key projects, procurements and partnerships.

Benefits of using GRACE included a consistent approach to risk assessment across the Council, an increased focus for staff and ownership of risk within the teams.

In response to members concerns about local authorities having to be more entrepreneurial in their attempts to develop sustainable income streams, proactively encouraged by Central Government. The Chief Executive explained that the Director (Governance and Policy) was currently undertaking a detailed piece of work that would outline the Council's future approach to commercialism.

RESOLVED – That the report be noted.

18.G.18 RIPA Application Update

The Monitoring Officer reported that there had been no RIPA applications made.

Chair

Date