

**MINUTES OF GOVERNANCE COMMITTEE**

**MEETING DATE** Wednesday, 23 January 2019

**MEMBERS PRESENT:** Councillor Paul Leadbetter (Chair), Councillor Anthony Gee (Vice-Chair) and Councillors Jean Cronshaw, Gordon France, Yvonne Hargreaves, Steve Holgate and Kim Snape

**OFFICERS:** Gary Hall (Chief Executive/Statutory Finance Officer), Chris Moister (Head of Legal, Democratic & HR Services/Monitoring Officer/Data Protection Officer), Janice Bamber (Interim Head of Shared Assurance Services) and Nina Neisser (Democratic and Member Services Officer)

**APOLOGIES:** Councillor Alan Cullens

**OTHER MEMBERS:** Peter Ripley (Independent Member), Mark Heap (Grant Thornton UK LLP) and Simon Hardman (Grant Thornton UK LLP)

**18.G.47 Minutes of meeting Wednesday, 21 November 2018 of Governance Committee**

**Decision – That the minutes of the Governance Committee meeting held on 21 November 2018 be confirmed as a correct record for signing by the Chair.**

**18.G.48 Declarations of Any Interests**

There were no declarations of any interests.

**18.G.49 Chorley Governance Committee Update Report**

The Committee received a report that showed the progress made by our External Auditors in delivering their responsibilities.

Planning had started for the 2018/19 financial statements audit and Grant Thornton were due to commence their interim audit in February 2019. The Value for Money assessment, which would be based on the same criteria as last year, would commence later in the year with a Value for Money conclusion being provided by the deadline of 31 July 2019. The Committee discussed the impact of Brexit and although Grant Thornton were unsure as whether this would pose a major issue at present, they proposed that planning would be put in place to monitor this.

Several additional points were highlighted within the report that included certifying the Council's annual Housing Benefit Subsidy claim, regular meetings with the Chief

Executive and the Finance Team, and the provision of accountant's workshops to ensure that councils are up to date with the external auditors' ways of thinking.

Members recognised potential differences in ways of thinking and discussed the effect this could have on the council's ongoing strategic projects. The Committee were advised that how an asset was determined was dependent on how individuals treated it. Members were reassured that the risk factors had been considered and investments would be monitored.

**Decision – That the report be noted.**

#### **18.G.50 Chorley Certification Letter 2017/18**

The External Auditors were required to certify the Housing Benefit subsidy claim for the financial year 2017/18 relating to subsidy claimed of over £24 million. Details of the claim certified were appended to the report and confirmed that only two minor issues had been highlighted for attention. Overall, Grant Thornton advised that the report was very positive.

Detailed testing had taken place in September – November 2018 which revealed some minor issues. It was worthy to note that the second of these minor issues involved an error on inputting a manual adjustment. The amount was entered incorrectly by 4p. Additional testing subsequently took place which revealed that no other errors affected the subsidy.

Following the publication of the Certification letter, Chorley Council responded to Grant Thornton and requested that the certification letter be amended. It was advised that the council declined to complete the workbooks, as requested as part of the further testing, as it was the council's view that the evidence required could be provided without completing the workbooks. The calculation carried out by the council's software could be relied on to be accurate and it was not felt necessary to replicate this calculation in a workbook in order to prove accuracy. Grant Thornton agreed to this approach by email and also agreed that the completion of the workbooks offered no value in this instance.

A qualification letter was agreed with the Council setting out the original errors, and this was submitted to the DWP with the certified claim. Following reassurances from the council as to the action taken and quality control measures in place, the DWP confirmed that they did not require the council to carry out any further work with the two errors identified by Grant Thornton. The committee were happy with the outcome and were reassured by the thorough checks undertaken.

**Decision – That the report be noted.**

#### **18.G.51 Internal Audit Progress Report as at 31st December 2018**

The Interim Head of Shared Assurance Services presented a report that advised members of the Committee of the work undertaken on the Internal Audit Plans for Chorley Council and Shared Services for the period 1 April 2018 to 31 December 2018.

Progress had been made against the Audit Plan, however, there had been ongoing resource issues and whilst these had subsequently been resolved, the delivery of the

audit plan had been impacted. The plan indicated a number of pieces of work that were at Draft Report stage and would be completed and issued by the end of January 2019.

The main pieces of work undertaken included, General Data Protection Regulation (GDPR), service risk registers, the National Fraud Initiative (NFI) and Treasury Management. It was advised that the team had 132 days until the last weekend of March, with 137 days of work to fulfil and therefore one or two pieces of work could run over the deadline. Reassurances were given that to address this, the key risks had been prioritised with other projects reduced to help balance the days and staff from LCC would be helping with a project of work in February/March.

Following concerns, Members were reassured that the Interim Head of Shared Assurance Services was meeting with staff on a weekly basis to closely monitor the audit process and updating Gary Hall every fortnight to help address any potential issues as soon as possible.

**Decision – That the report be noted.**

#### **18.G.52 Government Requirements of the Capital Strategy Report**

The Chief Executive informed the Committee of the new requirement in 2019 for councils to submit a Capital Strategy report alongside the budget setting papers which would be going to Full Council on 26 February 2019.

The Capital Strategy Report aimed to introduce a more strategic report to provide an overview to decision makers of the investment and borrowing risk position of the authority and the governance arrangements in place to manage those risks. This was a reaction to the increasing number of councils investing in commercial assets to generate revenue and bridge budget deficits.

It was advised that no Government guidance on contents had been produced at the time of the meeting and it was therefore up to the individual local authorities to determine. The report set out some of the things intended to be included. In summary these included; capital expenditure, treasury management, commercial activity and knowledge and skills.

As the report covered treasury management activity, it was possible to combine the Treasury Management Strategy into the Capital Strategy. This would be the decision of the council however; Officers proposed that the existing Treasury Management Strategy and the Capital Strategy remain separate.

Following queries, Members were reassured that implementation of the strategy did not seek to deter local authorities but to ensure that proper governance was in place. The Committee agreed that the intended information be included and recognised that this would be an evolving document with best practice shared amongst councils in the future.

**Decision;**

- 1. That the report be noted.**
- 2. That members note where the council could meet with requirements of the guidance and to note where further work would be required.**

**3. That members provide any input into what they believe should be included in the Capital Strategy report.**

**18.G.53 Standards Report**

The Monitoring Officer presented a report updating members of the Governance Committee on complaints that had been received on Standards Matters in the calendar year 2018.

One matter had been referred for investigation, one was referred for local resolution, one was viewed as tit for tat, and one did not raise behaviour that took place when the individual was acting as a councillor. Of the complaints received, one related to a borough councillor with the remaining complaints being brought against parish councillors. Further details of these matters had been summarised in the report.

As such, the low number of complaints received, and the nature of the matters raised did not demonstrate a significant issue with the behaviours of parish or local councillors within the borough.

Code of Conduct Training had been provided to new Members this year. No training sessions had been provided to parishes on the Code of Conduct although the Monitoring Officer remained committed to providing it on request. It was intended to offer both Borough and Parish Councillor Training in the coming year. Members of the Committee commended the low level of complaints and highly recommended that both Borough and Parish/Town Councillors attend the training.

**Decision – That the report be noted.**

**18.G.54 GDPR; Audit Plan**

The Data Protection Officer presented a report advising members of the Governance Committee on the monitoring arrangements to be implemented in relation to the General Data Protection Regulations.

A data breach under General Data Protection Regulations posed a risk to the council. The Council was therefore looking to mitigate this risk by demonstrating a comprehensive programme of monitoring compliance with the requirements of the legislation. It was proposed that the following works be undertaken to ensure continued compliance; quality assurance checks, compliance audits, performance indicators, complaints monitoring and review and training.

A risk register had been updated to reflect non-compliance during the implementation of the regime and would be updated to reflect continuing risks. Members were happy with the report and programme in place to monitor compliance and it was advised that an update report would be brought back to the Committee in 12 months.

**Decision – That the report be noted.**

**18.G.55 RIPA Application Update**

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

**18.G.56 Work Programme**

The Committee considered the work programme which set out the reports to be considered at each Governance Committee meeting throughout the Council year.

Chair

Date