

## **REPORT OF GOVERNANCE COMMITTEE**

1. This report summarises the business undertaken at the Governance Committee meetings held on 22 January and 1 July 2020.

### **22 January meeting**

#### **Audit Progress Report and Sector Update**

2. Simon Hardman, Grant Thornton, presented the Audit Progress Report and Sector Update. Grant Thornton have begun planning the 2019/20 and will issue a detailed audit plan, setting out the proposed approach. The interim audit will begin in February 2020.
3. The scope of work around Value for Money is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". Details of the initial risk assessment to determine the approach will be included in the Audit Plan. The aim is to give a Value For Money Conclusion by 31 July 2020.
4. Grant Thornton certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 claim was completed on 29 November 2019, in advance of the 30 November deadline. The work identified no issues and Grant Thornton thanked the Housing Benefits team for their assistance throughout the process. The Committee also recorded their thanks to the team.
5. Officers have been invited to a Financial Reporting Workshop in February, which will help to ensure that the Finance Team are up to date with the latest financial reporting requirements for local authority accounts.
6. Grant Thornton are currently reviewing the impact of issues impacting on both the cost and timing of audits. A letter will be sent to the Section 151 Officer regarding proposed changes to the fees, before the next Governance Committee.
7. We noted the update.

#### **Internal Audit Progress Report as at 31 December 2019**

8. Janice Bamber, Interim Audit and Risk Manager, presented the report which set out a summary of Internal Audit work undertaken for Chorley Council and the Shared Services element for the period 1 April 2019 to 31 December 2019.
9. An updated appendix had been circulated which detailed the progress. 21% of the audits are completed and 68% are in progress or at draft report stage. For "Asset Management – repairs & maintenance" and "Commercial Properties" a gap analysis has been completed which identifies the actual processes / controls against the defined expected processes / controls.
10. Areas of control weakness have been identified and an action plan to address these issues has been agreed with Management. Internal Audit will review the progress against the action plan at the end of quarter four. Gary Hall, Chief Executive, acknowledged the impact of market forces and a shortage of specialist skills in this area. The team is now fully staffed and moving forward.

11. The Vice-Chair, Councillor Tony Gee, queried the current position in relation to the investigation at South Ribble. Gary Hall acknowledged that the length of the investigation had not been anticipated. A significant resource from within Internal Audit has been put into this and it should be substantially completed by the end of the year. Janice Bamber noted that the two temporary auditors and one auditor acting up into the Principal Auditor role have been extended until the end of March 2020 which will ensure that the audit plan is completed.
12. In response to a query Gary Hall noted that Governance Committee can receive the detailed Internal Audit reports in cases where an assurance of "limited" has been given, but it is not practical for the Committee to consider every report. The Committee works within a governance framework of checks and balances. Simon Hardman, Grant Thornton, noted that they would also highlight any issues of concern to the Committee as part of their External Audit role. The Overview and Scrutiny Performance Panel could scrutinise an area regarding performance and value for money.
13. We noted the report.

#### **Standards Complaints 2019 update**

14. Chris Moister, Director of Governance, presented the report which updates the Committee on activities undertaken in relation to Standards and the code of conduct in 2019.
15. Following a review by the Committee on Standards in Public Life, Local Government Ethic Standards, the Governance Committee undertook a detailed review of both the code of conduct and the processes in place for receiving and considering complaints. A working group considered the recommendations of the report in detail, and supported by the Independent Person, resolved to adopt the best practice recommendations where required. Some of the recommendations require a change in Regulations before they can be implemented.
16. Training was provided to all new members and offered to all existing members of the council. This was well received with positive feedback being given both from newly elected and established councillors.
17. A session was also provided to Parish Clerks at the liaison meeting which concentrated particularly on the changes to best practice brought forward by the report. The working groups consideration of the proposals was also shared with clerks.
18. There have been no complaints about the conduct of Chorley Council councillors this year. Two complaints have been received about Parish Councillors. The first related to a matter where the conduct whilst likely to be a breach of the code, was undertaken when not acting as a councillor and the matter is closed. The second complaint is ongoing as the complainant has brought further matters to the Monitoring Officers attention to support the allegations.
19. The volume of complaints received does not suggest there are any standards issues within Chorley, although this should not mean the council should be complacent.
20. From April 2020, Chorley Council and South Ribble Borough Council will have a shared Monitoring Officer. It is proposed to align where appropriate the codes of

conduct and processes. This is not perceived to have a significant impact for either council as the codes of conduct are already very similar.

21. In May this year, the council will be having all out elections with a number of experienced councillors indicating they will not be standing for election. This is likely to mean a higher than usual number of new councillors being elected. The Monitoring Officer is working with Democratic Services on the induction for these new members to ensure that they are properly trained on the code of conduct. The focus should be on respect, although it is correct for there to be challenge, challenge needs to be demonstrated in the right way.
22. We noted the process for dealing with informal complaints and that under the new shared arrangements either the Monitoring Officer or the Deputy Monitoring Officer will be available for Members to query matters.
23. The Committee noted that Parish Councillors and clerks can access advice from the Monitoring Officer or the Deputy Monitoring Officer by telephone, email and at Chorley Liaison and the Borough clerks meeting.
24. We noted the report.

#### **RIPA Application Update**

25. Chris Moister, Director of Governance, reported that no RIPA applications had been made.

#### **1 July meeting**

#### **Update on 2019/20 Closure of Accounts**

26. James Thomson, Deputy Director of Finance, presented the report of the Chief Finance Officer which updates the committee on the closure of accounts for Chorley Council.
27. Due to CV-19 the government published revised deadlines for the closure of accounts in April 2020, the key dates remain:
  - The public inspection period must start on or before the first working day in September, this meaning that the draft statement of accounts must be produced by 31 August.
  - The audit of the accounts will, subject to confirmation with Grant Thornton, take place between 1 September and late November 2020.
  - The audited financial statements are to be published by 30 November 2020.
28. The revised working arrangements in place since the second half of March have inevitably affected a range of tasks in a variety of ways, to date good progress has been made.
29. However, the council's valuers have been furloughed and have now begun working on the valuation to the council's assets. It is hoped this will not delay the publication of the draft statement of accounts. The Chair and Vice-Chair will be kept informed of the progress.
30. We noted the progress on the closure of accounts for 2019/20, including the revised deadlines for submission of the draft accounts and sign off of the final accounts, and the issues officers are experiencing regarding the valuation of council assets.

## **Charity and Trust Account 2019/20**

31. James Thomson, Deputy Director of Finance, presented the report of the Chief Finance Officer which present for approval the accounts for the year ended 31 March 2020 for charities and trusts for which the Council is the sole trustee.
32. The Council's Statement of Accounts 2019/20 does not include the previous Trust Funds disclosure. As an alternative, figures are presented in the report, which therefore provides an opportunity of providing more detail about each charity or trust.
33. We approved the accounts presented in Appendix A to E.

## **Audit Progress and Sector Update Report**

34. Mark Heap, Engagement Lead from Grant Thornton, the External Auditor, presented the report which had been due at the cancelled March meeting. Grant Thornton are conducting their audit work remotely for their clients and overcoming the challenges brought by this.
35. The revised timescales due to the Covid-19 pandemic were referenced and it was noted that Grant Thornton will be working with officers to deliver the audit of the accounts.
36. We noted the Audit Progress and Sector Update Report and that the External Audit Plan will be available for discussion at the next meeting.

## **Internal Audit - Head of Audit Annual Report 2019/20**

37. Janice Bamber, Interim Head of Shared Assurance Services, presented the report which summarises the work undertaken by the Internal Audit Service from 1 April 2019 to 31 March 2020 relating to the 2019/20 Audit Plan.
38. The report also provides the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control and an appraisal of the Internal Audit Services performance throughout the period.
39. The report and summary show that 70% of the Planned work has been completed in the year. Changes included Elections where the review was deferred to 2020/21 Audit Plan and Time Credits where the review was no longer required.
40. Two unplanned pieces of work requested and added to the plan were Syrian Resettlement and Environmental Permitting Regulations Follow Up. A number of pieces of work had commenced in March 2020, which have not been completed, due to the Internal Audit team being seconded into the Community Hub at South Ribble.
41. There is one area at Chorley Council which received a Limited Assurance, which was the Syrian Resettlement Programme. It was identified that whilst there are some areas of good practice, there are significant weaknesses in the governance arrangements and the application of controls which put at risk the achievement of the system objectives.
42. There are two areas where the Assurance opinion has been determined to be Limited, in regard to the service areas that sit within Shared Services, this is in relation to Creditors and Payroll, the details of findings are outlined at paragraph 5.7 - 5.9 of the report. The review of Payroll was a review carried forward into 2019/20 and was

reported in the 2018/19 Audit Plan, however, the follow up will be undertaken as part of the 202/21 Audit Plan relating to Shared Services. The Creditors review, has been issued without Management Actions as further work is required to determine the extent of the failures and the potential impacts of the lack of control in those areas reviewed.

43. Internal Audit achieved a 100% acceptance level for recommendations / agreed management actions.
44. We noted the Internal Audit Annual Report for 2019/20, the progress of work undertaken against the 2019/20 Annual Plan and the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control.

### **Strategic Risk Register**

45. Rebecca Aziz-Brook, Transformation Programme Co-Ordinator, presented the report of the Deputy Chief Executive which provides members with an updated Strategic Risk Register (SRR). The SRR includes 16 strategic risks to the Council, including actions in progress as well as new actions planned to further mitigate identified risks.
46. The risk register is continually reviewed and considered a 'live' register. The majority of risk categories remain stable for 2020 with nine of these identified as 'high risk', five 'medium risk' and one 'low risk'. Two risks have shifted from 'medium' to 'high' compared to last year. One new risk has been added for this year and is rated as 'high risk': R16 Not managing the recovery after COVID-19 effectively.
47. The majority of risk levels remain static as mitigating actions have ensured that the risks have been effectively managed and have therefore not escalated across the year. All the risks within the strategic risk register this year have been reviewed in the context of the COVID-19 pandemic and associated impacts on service delivery.
48. Members discussed the need to work with partners on the recovery from Covid-19 and to take forward any lessons learned.
49. We noted the strategic risks, controls in place and actions planned to further mitigate the strategic risks as set out in Appendix 1.

### **GDPR Update**

50. Chris Moister, Director of Governance, presented the report which updates Members on the period following implementation of the General Data Protection Regulations.
51. The Council implemented the obligations under the GDPR in May 2018. All relevant training, policies and procedures were prepared and in place. In addition, a significant data audit and cleansing exercise was undertaken in order to minimise risk to the Council held data.
52. Due to recent organisational changes the centrally held list of Data Controllers is being reviewed to ensure it is up to date and correct.
53. The council have reviewed how Freedom of Information and Data Protection Act requests are being received and dealt with. A new post has been established with specific responsibility for co-ordinating and formulating responses to the requests. Training has been provided to the post holder to ensure the Council continue to comply with our obligations.

54. Five data breaches were identified in 2019. None of the data breaches concerned sensitive data and none were deemed sufficiently serious to report to the Information Commissioners Office. The breaches related to staff error and use of data held which was incorrect. We noted that the breaches had been identified by the council and not by a third party.
55. We noted the report.

### **Draft Annual Governance Statement**

56. Chris Moister, Director of Governance, presented the report which included the Draft Annual Governance Statement. Chorley Council are required to continuously review our system of Governance. As part of this review we publish an Annual Governance Statement (AGS) alongside the annual financial statements.
57. The CIPFA SOLACE Framework defines proper practice for the form and content of the AGS. The assessments which have informed the preparation of the AGS demonstrate that the Council have strong governance arrangements.
58. The AGS includes a corporate self-assessment and Service Assurance Statements. The Council was found to have strong governance arrangements with few identified areas for improvement. These are issues that have been highlighted as needing improvement, the issues are not in themselves significant. They are areas which suggest partial compliance with requirements or where there is insufficient evidence to demonstrate full compliance. There are no areas of significant none compliance by the Council.
59. The Business Continuity plans and Emergency Plans have been reviewed in light of Covid-19.
60. We noted that the Head of Paid Service, Monitoring Officer and Statutory Finance Officers are all working across two sites; Chorley and South Ribble. All three officers have deputies and are experienced officers and we commented on the professionalism of the officers in question.
61. We approved the draft Annual Governance Statement for signature by the Executive Leader of the Council and the Chief Executive.

### **New model Code of Conduct 2020**

62. Chris Moister, Director of Governance, presented the report which shared a draft Model Code of Conduct prepared by the Local Government Association (LGA).
63. In 2019, the Office for Standards in Public Life published a report reviewing the current standards regime. The report made a number of recommendations for changes. The Committee considered this report and implemented the recommendations where appropriate. One of the recommendations was a national review of the Code of Conduct for Members.
64. The draft code departs little from the existing adopted document, however, it does incorporate changes proposed by the review into standards in public life. The changes are beneficial providing greater clarity on how the code is to operate. The principles remain the same and there are no changes which would prevent the adoption of this code.

65. The draft Model Code of Conduct is currently out for consultation and conversations have already taken place with the two Independent Persons for their views. Committee members were requested to feed back any comments on the draft Code to the Monitoring Officer and a draft response will be prepared in consultation with the Chair and Vice-Chair. This will be shared with the Group Leaders and submitted to the LGA.
66. We noted that there were no changes to the sanctions available following a breach of the Code.
67. We agreed to respond to the consultation accepting the new draft document.

#### **RIPA Application Update**

68. Chris Moister, Director of Governance, reported that no RIPA applications had been made.

#### **Recommendation**

69. To note the report.

COUNCILLOR DEBRA PLATT  
CHAIR OF GOVERNANCE COMMITTEE

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