

Governance Committee

1. This report summarises the business undertaken at the Governance Committee meetings held on 23 November 2022. The report summarising the business undertaken at the meeting on 18 January 2023 will be to follow.

General Report of the Meeting Held on 23 November 2022

External Audit Plan - Addendum

2. Georgia Jones, Grant Thornton presented the report of the External Auditor which provided an addendum to the External Audit Plan issued in June 2022. We recalled that when the original External Audit Plan for 2021/22 was issued in June 2022, it had not been confirmed whether the council needed to also prepare group accounts. Following this, discussions with the council confirmed that group accounts were required, and they have since been received. Confirmation of this is provided in the addendum as well as setting out related risks.
3. We noted that the group audit was going to take place at the same time as the financial statements audit. Potential risks for the council haven't changed from the original audit plan, but the risks from the group audit were outlined in the report. We noted the report.

External Audit Findings Report

4. Georgia Jones, Grant Thornton presented the report of the External Auditor which summarised the key findings and other matters arising from the statutory audit of Chorley Borough Council and the preparation of the group and Council's financial statements for the year ended 31 March 2022.
5. We were advised that the audit of the council's financial statements was ongoing and was substantially complete. At the time of writing the report there were numerous areas of work outstanding but these had since been resolved. Grant Thornton anticipated giving an unqualified report and anticipated meeting the deadline of 30 November. The Value for Money work would be completed in the three months after the audited opinion.
6. We were advised of the main adjustments made to the Statement of Accounts from the version published on 12 August 2022. Three further adjustments had been identified for consideration. These adjustments would be amended in the final Statement of Accounts. We noted the report.

Statement of Accounts 2021/22

7. Louise Mattinson, Director of Finance presented the report which presented the audited Statement of Accounts for 2021/22 for approval, subject to the final pieces of work to be undertaken by Grant Thornton.
8. We were advised that if any material adjustments were identified between now and the conclusion of the sign off, then the Governance Committee would need to reconvene to approve the accounts. Since the publication of the Statement of Accounts work continued and three adjustments were identified for consideration. These related to a Land and buildings valuation (in relation to Whittle GP Surgery), Heritage assets (in relation to Astley Hall), and plant at leisure centres.
9. The recommendations remained to approve the audited Statement of Accounts subject to the amendments discussed; two were considered material and therefore would be

adjusted and one had not been actioned in the accounts as it was not material to the accounts.

10. We noted a rounding error in the draft Statement of Accounts which would be amended in the final version. We also discussed the lease in relation to Logistics House. We approved the recommendations within the report.

Treasury Management Mid Year Review 2022/23

11. Louise Mattinson, Director of Finance presented the report which outlined Treasury Management performance and compliance with Prudential Indicators for the period ended 30th September 2022 and presented monitoring figures for the quarter ended 30th September 2022, including updated interest rate forecasts from Link Asset Services.
12. At its meeting on 22 February 2022, Council approved the Treasury Management Policy Statement; Prudential Indicators; Investment Strategy; and the Annual Minimum Revenue Provision (MRP) Policy for 2022/23. The Treasury Management Annual Report for 2021/22 was presented to Governance Committee on 3rd August 2022. The Code of Practice for Treasury Management requires all Councils to review their treasury strategies and activities half yearly. This report satisfies that requirement.
13. We noted that the latest forecasts showed PWLB borrowing rates peaking December 2022 - March 2023 then gradually reducing, however the volatility of world and domestic markets must be stressed. Based on these projections, we recognised that it was worth waiting to borrow rather than borrowing now. The council were monitoring and managing the cash balances to ensure they are maximised before seeking to borrow. We noted the report.

Internal Audit Plan October 22 – March 23

14. Dawn Highton, Head of Audit and Risk presented the report which set out the programme of work to be undertaken by the Internal Audit Service for the period between October 22 to March 23.
15. The Internal Audit Plan would be completed largely by the in-house team with external support procured for specialist ICT reviews and additional capacity provided by some temporary resource. The council had also successfully appointed to the post of Audit Trainee and this post was included in the resource allocation.
16. Successful delivery of the two combined six-month Plans meant that Internal Audit would have delivered, in total 316 audit days to Chorley Council and 105 days to Chorley Leisure Limited, resulting in 21 audit assurance ratings. This was considered to be sufficient coverage in order to be able to provide the Governance Committee with an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes as required by the Public Sector Internal Audit Standards.
17. We noted the adjustments to the risk assessments following a review in August 2022 but recognised the internal audit plan was not affected by this due to the plans being developed on a six-monthly basis rather than annually. We approved the recommendations in the report.

Internal Audit Interim Report as at 30th September 2022

18. Jacqui Murray, Senior Auditor presented the report which advised the Committee of the work undertaken in respect of the Internal Audit Plan from April 2022 to September 2022

and gave an appraisal of the Internal Audit Service's performance to date. The plan provided for 135 days of audit work.

19. The work undertaken this year was mostly complete, however there were some residual pieces of work still outstanding. It was anticipated that the report would be issued imminently and reported to the Governance Committee in January.
20. We noted that the majority of the indicators were either above target or slightly below as at the end of September with only the percentage of agreed actions implemented by management for CBC and Shared Services being lower than the agreed target. Internal Audit reviewed the outstanding actions and concluded that many of these were in progress but not at the stage of being fully implemented. Many of these actions were heavily reliant on IT and it was hoped that as the IT improvements progressed the outstanding actions could be implemented in the following months.
21. Internal Audit successfully recruited to an Audit Trainee post. Access to formal qualifications, alongside structured mentoring/in-service training would mean that there was an established plan to develop this individual into a fully-fledged Auditor role who would be able to work independently and subsequently add value to both the Service and the organisation. We noted the report.

RIPA Application Update

22. Chris Moister, Monitoring Officer reported that no RIPA applications had been made.

Recommendations

23. To note the report.

Councillor Debra Platt
Chair of the Governance Committee

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