

Appendix A

Governance Committee Annual Report

April 2023 to March 2024



Introduction	
1	<p>As Chair of the Governance Committee, I am pleased to present this detailed report on the work of the Committee over 2023/2024.</p> <p>The report informs Full Council of the broad range of work which has been considered over the year to support the Committee in fulfilling its Terms of Reference and provides assurance on the effectiveness of the Committee in meeting its purpose.</p> <p>It is hoped that this report helps to demonstrate the key role which is undertaken by the Governance Committee and the positive contribution it makes to the Council's overall governance.</p>

The Role of the Governance Committee	
2	<p>Governance is defined in the "Delivering Good Governance in Local Government: Framework" (CIPFA/SOLACE 2016) as follows:</p> <p><i>Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while always acting in the public interest.</i></p>
3	<p>Good corporate governance requires independent, effective assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.</p>
4	<p>These functions are best delivered by the Governance Committee which is independent from the decision making and scrutiny functions. An effective Governance Committee helps raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors.</p>

Governance Committee Terms of Reference & Membership	
5	<p>As set out in the Council's Constitution, the purpose of the Governance Committee is to provide an independent review of Chorley Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees the work of internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</p> <p>This report provides details of how the Committee has delivered against its terms of reference which can be found in the Council's Constitution.</p>
6	<p>The Governance Committee undertakes the role of Audit Committee and the role of Standards Committee and has the following additional responsibilities:</p> <ul style="list-style-type: none"> To review and recommend amendments to the Council's Code of Conduct for Members and procedure for dealing with complaints. To receive and hear and make decisions on standards complaints following investigation. To hear appeals against decisions made at a hearing of a standards complaint. To report sanctions imposed on Members to full Council.

7	<p>To discharge its functions, the Governance Committee met on the following dates:</p> <p>2nd August 2023:</p> <p>27th September 2023</p> <p>29th November 2023</p> <p>17th January 2024</p> <p>8th February 2024</p> <p>13th March 2024</p> <p>22nd May 2024.</p> <p>More information on the Governance Committee meetings, including agendas, minutes and attendance details are available on the Council's website.</p>
8	<p>The membership of the Committee has remained stable over the past 12 months, with two new members from May 2024.</p> <p>Members on the Governance Committee are:</p> <p>Cllr Alan Platt (Chair)</p> <p>Cllr Mark Clifford (Vice Chair)</p> <p>Cllr Gordon France (to May 2024)</p> <p>Cllr Christine Haydon</p> <p>Cllr Samantha Martin</p> <p>Cllr Dedrah Moss</p> <p>Cllr Jean Sherwood (to May 2024)</p> <p>Cllr Neville Whitham</p> <p>Cllr Julia Berry (from May 2024)</p> <p>Cllr Chris Snow (from May 2024)</p> <p>In addition, the Committee is also supported by two independent members, Peter Ripley and Charlotte Fitch. Both independent persons assist the Committee with any standards related reports.</p>
9	<p>At the meeting in September 2023, the Governance Committee agreed to the inclusion of two independent persons to support its work (other than Standards) going forwards and a recruitment exercise is due to commence shortly.</p>
10	<p>The Governance Committee has been supported by officers providing reports in accordance with the Committee's work programme and at the request of the Committee. The Committee has routinely been attended by the Director of Governance (Monitoring Officer), the Director of Finance (Section 151 Officer) and Head of Audit and Risk.</p>

Governance, Risk and Internal Control at Chorley Council	
11	The following reports have been received by the Governance Committee, providing assurance and updates on the Council's governance, risk and internal control framework over the past year.
12	Internal Audit <ul style="list-style-type: none"> • Internal Audit Plans. • Internal Audit Progress Reports, including progress against the agreed plan and copies of finalised Internal Audit Reports and details of the implementation of agreed management actions. • Internal Audit Annual Report and Opinion 2023/2024 • Internal Audit Effectiveness Review • Risk Management Strategy
13	External Audit <ul style="list-style-type: none"> • External Audit Annual Report 2021/2022 • External Audit Annual Report 2022/2023 • Audit progress reports and proposed fee charges • Value for Money opinion 2022/2023
14	Finance <ul style="list-style-type: none"> • Treasury Management out-turn report • Treasury Management mid-year review • Statement of Accounts 2022/2023 • CIPFA Resilience Index
15	Governance / Standards <ul style="list-style-type: none"> • Annual Governance Statement • Key Contracts and Partnership Framework • Code of Conduct & Social Media Protocol • Strategic Risk Register review • Report from the Standards Panel • Governance Committee Terms of Reference.

Governance Committee Effectiveness	
16	<p>It is considered good practice to regularly assess the effectiveness of the Governance Committee. CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance, and they provide numerous guidance documents, including an Audit Committee - Practical Guidance for Local Authorities and Police 2022 Edition.</p> <p>This includes a self-assessment of good practice - a high-level review that incorporates the key principles set out in CIPFA's Position Statement.</p>
17	When the Governance Committee has a high degree of performance against the good practice principles, it is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective committee.
18	<p>A self-assessment exercise was undertaken in September 2023 and identified several areas for potential improvement. The self-assessment is attached at Appendix B with updates highlighted in red.</p> <p>The next review of the Committee's effectiveness will be undertaken in Autumn 2024.</p>

Training and Development	
19	During 2023, the Committee completed a Skills and Knowledge questionnaire to assess their level of knowledge and to identify any training needs of the members.
20	<p>As a result, members of the Governance Committee attended bespoke training developed and delivered by CIPFA – Introduction to the Knowledge and Skills of the Governance Committee in October 2023. The programme included:</p> <ul style="list-style-type: none"> • Understanding the wider roles and responsibilities of the committee and the importance of gaining assurance • Know how current developments will impact on the work of the committee and shape its agenda. • Being better placed to work with the internal auditors, including understanding the requirements of the Public Sector Internal Audit Standards • Appreciation of how the committee should work with others to improve the management of its organisation's risk • Improving the practical skills required of committee members • Developing an appreciation of where the committee can add value and how to demonstrate its effectiveness. <p>Feedback from the training was positive and it was well received.</p>
21	In addition to the above, specific training for the Governance Committee has been delivered by Finance on the statement of accounts.
22	Furthermore, prior to each meeting, a bitesize training session is delivered by relevant officers on a specific agenda item. It is the intention that this will continue over the next 12 months to ensure members knowledge remains current.
23	In addition, members have received copies of the CIPFA Better Governance Forum Audit Committee updates featuring a roundup of developments and reports of interest to the Committee.

Work Programme for 2024/2025	
24	The Committee has a work programme for 2024/25, which includes the annual statutory requirements (e.g. approval of the Statement of Accounts, approval of the AGS etc.) of the Committee and those regular reports and the forward-looking work programme ensures comprehensive coverage of the Committee's responsibilities.
25	<p>In addition to this, the Governance Committee will:</p> <ul style="list-style-type: none"> • Oversee any development required of the Governance Committee work programme to comply with the requirements of the CIPFA Audit Committees guidance. • Continue to review governance arrangements to ensure the council adopts the latest best practice and continues to be an open and transparent public organisation. • Continue to support the work of internal and external audit and ensure that responses are given to their recommendations. • Receive assurance on compliance with best practice such as the Public Sector Internal Audit Standards. • Equip existing and new Members to fulfil their responsibilities by providing more detailed and focused training on all key areas of responsibility, including financial arrangements and risk management, governance, and audit planning.

Self-assessment of good practice 2023

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

Good practice questions	Yes	Partly	No	Comments	Further Actions
Audit committee purpose and governance					
1. Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?			✓	The Governance Committee undertakes the role of Audit Committee and also undertakes the role of Standards Committee.	
2. Does the audit committee report directly to full council? (applicable to local government only)	✓			The Governance Committee reports to Full Council. A general report of each Governance meeting held is submitted for consideration.	
3. Has the committee maintained its advisory role by not taking on any decision-making powers?		✓		The committee reviews, considers and monitors the Council's Governance, Risk and Control environment and does not have any decision-making powers. The committee also has responsibility for Member Standards and receives, hears and makes decisions on standards complaints following investigation.	
4. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?		✓		The Terms of Reference needs updating.	Terms of Reference to be reviewed and updated to incorporate the revised CIPFA 2022 Position Statement and guidance. Revised Terms of Reference approved by Governance Committee – November 2023

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Good practice questions	Yes	Partly	No	Comments	Further Actions
5. Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	✓			All members of the committee receive training following their appointment to the Committee on their roles. New managers receive introduction to Audit and Risk Training from the Head of Service – Audit & Risk to ensure awareness and understanding.	
6. Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	✓			The Governance Committee can refer concerns to Full Council should there be a need to escalate issues.	
7. Does the governing body hold the audit committee to account for its performance at least annually ?			✓	A review of the effectiveness of the Governance Committee was last undertaken in November 2021.	Standard of performance against recommended practice will be reviewed annually and presented to the Committee at the November meetings.
8. Does the committee publish an annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 			✓	A general report of each Governance meeting held is submitted for consideration to Full Council. No evidence of an annual report being produced.	Annual report to be published and presented to Full Council at the meetings in May In progress
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 			✓	As above	
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues 			✓	As above	

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escalated in the year?					
Functions of the committee					
9. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?					Terms of Reference to be reviewed and updated to incorporate the revised CIPFA 2022 Position Statement and guidance. Revised Terms of Reference approved by Governance Committee – November 2023
<ul style="list-style-type: none"> Governance arrangements 		✓		See Regulatory Framework 3,5,and 6	
<ul style="list-style-type: none"> Risk management arrangements 		✓		See Regulatory Framework 3	
<ul style="list-style-type: none"> Internal control arrangements, including: <ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 		✓		Section Audit Activity 4 Section Regulatory Framework 4 - counter fraud and corruption Section Regulatory Framework 1 & 7 – standards	
<ul style="list-style-type: none"> Annual governance statement 			✓	No specific reference is made to the AGS.	
<ul style="list-style-type: none"> Financial reporting 		✓		Section Regulatory Framework 7	
<ul style="list-style-type: none"> Assurance framework 		✓		Section Audit Activity 1	
<ul style="list-style-type: none"> Internal audit 		✓		Section Audit Activity 1-4	
<ul style="list-style-type: none"> External audit 		✓		Section Audit Activity 5-9	

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Good practice questions	Yes	Partly	No	Comments	Further Actions
10. Over the last year, has adequate consideration been given to all core areas?	✓			Adequate consideration has been given to the AGs and Governance, Internal Audit, External Audit, Risk Management and Financial Reporting.	
11. Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	✓			Over the last year the Governance Committee has considered the following wider functions: <ul style="list-style-type: none"> • Treasury Management – Annual report and monitoring • Scrutiny of Financial Affairs - Draft Core Financial Statements • Supporting Corporate Improvements – Review of Effectiveness of Internal Audit & Annual Governance Statement Action Plan 	
12. Has the committee met privately with the external auditors and head of internal audit in the last year?	✓			The committee has not collectively met privately with the external auditors and head of internal audit in the last year however, this would occur should a particular situation	

Self-assessment of good practice 2023

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Good practice questions	Yes	Partly	No	Comments	Further Actions
				arise.	
Membership and Support					
13. Has the committee been established in accordance with the 2022 guidance as follows? <ul style="list-style-type: none"> Separation from executive 	✓			No members of the Governance Committee are members of the Executive Cabinet.	
<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 	✓			Governance Committee comprises of 8 members. Committee also has reserve members.	
<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 			✓	The Governance Committee has 2 co-opted independent members for Standards issues only.	Committee to consider the Inclusion of independent members
14. Have all committee members been appointed or selected to ensure a committee membership	✓			Assessment of member skills and knowledge was undertaken in 2023. Member Development Programme –	

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that is knowledgeable and skilled?				Governance Committee Training May 2023.	
15. Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?		✓		Assessment of member skills and knowledge was undertaken in 2023.	Skills and knowledge responses to be analysed and training plan developed to address identified needs. Skills and Knowledge assessed Sept 23
16. Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	✓			Training has been provided to Governance Committee members by the Head of Internal Audit and Monitoring Officer during 2022/23 covering all core areas. Further training is to be provided on the role of the Audit / Governance Committee is to be held on the 30 th October 2023.	
17. Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?		✓		Recent training provided, as above. Assessment of member skills and knowledge was undertaken in 2023.	Skills and knowledge responses to be analysed and training plan developed to address identified needs. CIPFA training delivered October 23

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Good practice questions	Yes	Partly	No	Comments	Further Actions
18. Is adequate secretariat and administrative support provided to the committee?	✓			All meetings are attended by a member of the Democratic Services who support the Committee with their secretariat and administrative needs. All agendas and minutes of the meetings are published on the Council's website.	
19. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓			External Audit, Chief Financial Officer, Head of Audit and Monitoring Officer attend the majority of meetings. Senior Management attend to provide further information as required.	
Effectiveness of the committee					
20. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	No formal feedback has been sought by the Committee.	General feedback will be sought as part of a wider committee self-assessment.

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Good practice questions	Yes	Partly	No	Comments	Further Actions
21. Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	✓			During 2022/23 the Committee operated with an experienced Chair and meetings were well conducted. New Chair in place with effect from May 2023. Training and support will be provided in response to outcomes of the skills and knowledge questionnaire.	
22. Are meetings effective with a good level of discussion and engagement from all the members?	✓			Good engagement levels from members. Evidenced in meeting minutes.	
23. Has the committee maintained a non-political approach to discussions throughout?	✓			Good engagement levels from members. Non-political approach evidenced in meeting minutes.	
24. Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			Review summaries and information on outstanding audit actions are provided to Committee on a regular basis. Senior officers have attended the meetings to present reports on subject matters appropriate for the committee or to provide background and updates on areas identified	

Self-assessment of good practice 2023

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Good practice questions	Yes	Partly	No	Comments	Further Actions
				as requiring improvement.	
25. Does the committee make recommendations for the improvement of governance, risk and control arrangements?	✓			Good levels of discussion evidenced in the committee meeting minutes and via recordings of meeting available publicly on YouTube in relation to governance, risk and control.	
26. Do audit committee recommendations have traction with those in leadership roles?	✓			As above	
27. Has the committee evaluated whether and how it is adding value to the organisation?			✓	This will be addressed in the annual report and onward report to full council	Refer to actions above.
28. Does the committee have an action plan to improve any areas of weakness?		✓		See further actions	The results of this self assessment and the skills and knowledge questionnaire by all Committee members will further inform an updated action plan.
29. Has this assessment been undertaken collaboratively with the audit committee members?		✓		See further actions	