

REPORT OF GOVERNANCE COMMITTEE

1. This report summarises the business transacted at the Governance Committee meeting held on 14 September 2016.

GOVERNANCE COMMITTEE – 14 SEPTEMBER 2016

Audit Finding Report 2015/16

2. The Committee received a report of the External Auditor on their audit findings for the authority for the year ending 31 March 2016, that highlighted key matters arising from the Council's financial statements and gave appreciation of the finance team and associated officers for their assistance during the audit.
3. The Auditor intended to issue an unqualified opinion on the financial Statements and Value for Money conclusion on 30 September 2016. They continued to work closely with the Council's Finance team to improve on processes that would help the authority with the closedown deadline changes for 2017/18, that has been brought forward to the end of July 2018 and the Committee discussed the importance of working together in partnership to achieve this goal.
4. The Council's management is responsible for the identification, assessment, management and monitoring of risk, operating and monitoring the system of internal control and the External Auditors were happy to report that no areas of significant weaknesses of internal control have been identified. Although a number of disclosure changes had been identified in the audit, they were of a minor nature and mainly around the recording of assets.

Statement of Accounts 2015/16

5. The Committee received a report that sought approval of the audited Statement of Accounts for its publication on 30 September, under the requirement of the Accounts and Audit Regulations 2015. Once approved the signed Statement would be published on the Council's website.
6. Though many changes to the accounts since Governance Committee on 22 June 2016 were minor, additional asset revaluations and reclassifications had required changes to several statements and notes. In addition, investment property income had been disclosed on the wrong line of the Comprehensive Income and Expenditure Statement, requiring a correction to the statement and supporting note.
7. The appointed auditor intended to issue an unqualified audit opinion of the Statement of Accounts; an unqualified Value for Money Conclusion and advised on the need to change various supporting disclosures that had been identified during the audit.
8. We were informed that officers continued to explore different ways of improved working practices that would help the team to achieve the earlier closedown deadline in 2017/18

that included timetabling work to be completed throughout the year, instead of leaving everything to the end.

9. The Chief Executive/Statutory Finance Officer personally thanked Michael Jackson for all his hard work in preparing the Statement of Accounts for 2015/16 and commented that the authority would continue the good practice of presenting the draft Statements to the Committee, even though there was no legal requirement to do so.
10. The information in the report was noted, approved the Statement of Accounts for 2015/16 and authorised the Chief Executive/Statutory Finance Officer to sign the Letter of Representation.

Charity and Trust Accounts 2015/16

11. The Statutory Finance Officer presented a report for approval of the accounts for the year ended 31 March 2016 for charities and trusts for which the Council is the sole trustee. Details of all the accounts were appended to the report. The Council's Statement of Accounts 2015/16 did not need to include the Trust Funds disclosure so as an alternative, the figures were presented in a separate report, providing an opportunity for more detail to be included about each charity or trust.
12. Both officers and Members of the Committee agreed that a mechanism needed to be found to ensure that the funds were accessible for use by the community. We approved the accounts presented in appendix A to E of the report and agreed that the Executive Cabinet be asked to find a process for allocation of the funding through the next budget process of the Council.

Internal audit Interim Report as at 29 July 2016

13. The Head of Shared Assurance Services presented a report advising the Committee of work undertaken in respect of the Internal Audit Plans for Chorley Council and Shared Service during the period April to July 2016. The report also detailed the outcomes of the audits undertaken and gave an appraisal of the Internal Audit service's performance to date. A snapshot of the overall process made in relation to the 2016/17 Internal Audit Plans was appended to the report and a table highlighted the main pieces of work that had been undertaken, together with any control issues identified.
14. A review of Safeguarding had been allocated with an Amber (5) rating as improvements were needed around the updating of policies, with the newly designated safeguarding officers, together with the provision of training and awareness needs in some areas, and an assurance rating of Red (9) had been allocated to the Review on ICT Continuity Service to reflect the need to update current arrangements in the business continuity and recovery plans.
15. Members were also made aware of an amendment to the 2016/17 Audit Plan that had been presented to Committee in March 2016, following confirmation that the network contract was not going to be reviewed and that instead, alternative arrangements are to

be introduced from April 2017. Following a request from the Director (Customer and Digital) and the ICT Manager, this review now been replaced with an audit of the Council's Information Governance arrangements.

16. Performance of Internal Audit continued to be good with the majority of indicators having been achieved or exceeded. Some reviews have been profiled to commence after quarter one to allow time for the recent management restructure to embed, although meetings have taken place with all new post holders to inform them of the planned audit reviews for 2016/17.

RIPA Application Update

17. The Monitoring Officer reported that there had been no RIPA applications made. The Committee was also informed of a change of approach to auditing arrangements proposed by the Office of Surveillance Commissioner. The authority had recently completed a questionnaire regarding the policies and procedure that the Council has in place regarding RIPA and a review of our responses would determine if the Council would undertake a more formal audit inspection. Following receipt of the authority's response, further information had been sought in relation to the protocol for the new CCTV suite. Once obtained, it was considered unlikely that Chorley would be formally inspected in the future.

Appointment of External Auditors

18. The Committee was updated on the process currently being undertaken for the appointment of an external auditor for the Council from April 2018 onwards. One of the options available was to opt in to a sector led body, who would negotiate contracts and make appointments on behalf of Councils and the Committee was informed that Public Sector Auditor Appointors (PSAA) had been appointed as the appointing body.
19. A timetable has been issued and although the deadline for opting in has not yet been finalised, it is anticipated that invitations will be issued before December 2016 with contracts being awarded by June 2017, with an aim of having an auditor in place by the end of the year. Members will continue to be kept updated of progress and a report would be presented to Governance Committee for decision when further details are known.

Recommendation

20. To note the report

COUNCILLOR PAUL LEADBETTER
CHAIR OF GOVERNANCE COMMITTEE

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