

MINUTES OF GOVERNANCE COMMITTEE

MEETING DATE Wednesday, 20 March 2019

MEMBERS PRESENT: Councillor Anthony Gee (Chair) and Councillors Jean Cronshaw, Alan Cullens, Gordon France, Yvonne Hargreaves, Steve Holgate and Kim Snape

OFFICERS: Gary Hall (Chief Executive/Statutory Finance Officer), Rebecca Huddleston (Director (Policy and Governance)), Chris Moister (Head of Legal, Democratic & HR Services/Monitoring Officer), Michelle Brennan (Auditor), Michael Jackson (Principal Financial Accountant) and Nina Neisser (Democratic and Member Services Officer)

APOLOGIES: Councillor Paul Leadbetter

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

19.G.57 Minutes of meeting Wednesday, 23 January 2019 of Governance Committee

Decision – That the minutes of the Governance Committee meeting held on 23 January 2019 be confirmed as a correct record for signature by the Chair.

19.G.58 Declarations of Any Interests

There were no declarations of any interests.

19.G.59 External Audit Plan 2018/19

The External Auditors, Grant Thornton, gave an overview of the planned scope and timing of the audit year ending 31 March 2019, allowing Members to understand the key requirements in bringing the plan together and the risks and consequences of the work being carried out.

The audit would focus on risks and the Committee's attention was drawn to the following significant risks that required specific audit consideration and procedures to address the likelihood of a material financial statement error:

- Management over-ride of controls
- Valuation of the pension fund net liability
- Valuation of land and buildings

Their risk assessment regarding the Council arrangements to secure Value for Money (VfM) had identified the following risks for further assessment:

- Financial sustainability, including medium term financial planning and delivering the capital programme
- Establishment of the housing company

Grant Thornton's interim visit took place in February/March and work was underway with final visits scheduled to take place in June and July.

The Committee discussed the short-term risks facing the council which included Brexit and the closure of accounts. Members held concerns about the impact that Brexit would have on pensions. Officers clarified that the valuation in accounts was the responsibility of the Pension Authority. Both Chorley Council and Grant Thornton were required to form a view on the robustness of the Pension Fund and reassurances were given that the external auditors had received assurances from the Pension Fund auditor.

DECISION – That the report be noted.

19.G.60 Audit Progress and Sector Update Report

The Committee received a report that showed the progress made by our External Auditors in delivering their responsibilities. The report also provided a summary of emerging national issues and developments that may be relevant to the Council and included a number of challenging questions in relation to these issues that the Committee may wish to consider.

Progress had been made as expected. Several points were highlighted within the report including the Financial Statements Audit which was progressing efficiently, Value for Money work which would see the VfM conclusion delivered in July 2019, and the certification of the housing benefits subsidy claim to be delivered by 30 November 2019.

Meetings with the council's finance team were taking place on a monthly basis as well as regular meetings with the Chief Executive to discuss strategic issues and audit progress. It was anticipated that these meetings would become more frequent as the closure of accounts deadline approached.

The sector update included Brexit concerns and work to ensure that councils were identifying key Brexit scenarios and using these to frame robust local contingency plans.

DECISION – That the report be noted.

19.G.61 Internal Audit Plan 2019/20

The Interim Head of Shared Assurance Services submitted a report that sought approval of the 2019/20 Internal Audit Plan for Chorley and Shared Services. This had been compiled by undertaking a detailed risk assessment which was appended to the report.

The plan was based on a resource of 340 days for Chorley Council and 120 days for Shared Services and comprised of a mix of existing in-house resources and bought-in provision from Lancashire County Council and Merseyside Internal Audit Agency (IT Audit).

Members were reassured that the core work continued to be delivered. Following approval of the 2019/20 Internal Audit Plan, any additions or changes could be made to the plan if required.

Members queried why the elections had been given a high-risk rating. Officers advised that this was due to financial, reputational and legal impacts as well as Brexit uncertainty which meant that the council could have to take part in European Elections. Reassurances were given that plans were in place to mitigate any risks. Members commended the exceptional work carried out by the council's Elections team.

DECISION – That the 2019/20 Internal Audit Plan be approved.

19.G.62 Internal Audit Plan 2018/19 Quarter 4 Progress Report as at February 2019

The Interim Head of Shared Assurance Services submitted a report that advised Members of the committee of the work undertaken for Chorley Council and Shared Services for the period 1 April 2018 to 1 March 2019 and work to be completed by 31 March 2019. The appended report highlighted the overall progress including completed works, work in progress and work yet to start.

101 days and 25.9 days, respectively, had been and would be completed by 31 March however, two pieces of work; consisting of ICT Reviews and Performance Management Information would be carried forward to commence in 2019/20. Further to this, the Commercial Properties audit would commence in March 2019 and would run over into 2019/20.

During January to March, audit work had been undertaken on the council's combined enforcement services. A report had been recently issued and it was agreed that this could be made available to Councillors. Members were also advised that since the time of writing the committee report, an ethical culture review had been undertaken.

DECISION – That the report be noted.

19.G.63 Local Government Ethical Standards: A Review by the Committee on Standards in Public Life

Members of the Governance Committee received an update on the Local Government Ethical Standards report prepared by the Committee on Standards in Public Life.

Since the introduction of the local code of conduct through the Localism Act 2011 there had been no formal review of the operation of local codes or investigatory processes. The Committee for Standards in Public Life had therefore undertaken a review on the effectiveness of the current arrangements.

Following this review, the Committee created recommendations for improvements both to the form of the codes themselves but also in relation to their operation and investigation into complaints. The Committee made a list of 26 formal recommendations, which included a model code and a move back to more prescriptive sanctions. These formal recommendations would not be easily implemented directly by the Council and some would require changes to legislation.

The Committee also made a series of 12 Best Practice recommendations. These were capable of being adopted by the Council without any further intervention from third

parties. Members were made aware that it was the intention to assess authorities against the implementation of these Best Practice Recommendations.

Overall, the Best Practice Recommendations were rational, supportive and sought to help Members. Members welcomed the requirement that the Code of Conduct would be reviewed and revised annually. Members were reassured that some of the recommendations were already implemented at Chorley Council and the council was broadly compliant with the Best Practice Recommendations.

It was proposed that a Working Group derived from the Governance Committee was to be formed to consider these Best Practice recommendations in detail. Recommendations would then be made to the Governance Committee on the adoption and incorporation of them into the Code of Conduct or council procedures as necessary. The membership of the Working Group was confirmed as follows; Councillors Yvonne Hargreaves, Kim Snape and Steve Holgate.

Cllr Holgate advised that LCC had recently undertaken a scrutiny review and published a report titled 'Does Local Government Work for Women?' It was suggested that it could be of benefit for Chorley Council to have sight this.

Members queried the involvement of Parish and Town Councils. Officers advised that the report would be presented at the Chorley Liaison meeting. It was suggested that it was premature to invite the Parish Councils to the standards committee as this would require a change in law.

Decision;

- 1. The formal recommendations were noted.**
- 2. That a working group formed from Governance Committee be established to consider the Best Practice recommendations and recommendations be made on the adoption and incorporation of them into the Code of Conduct or council procedures as necessary.**

19.G.64 Process for authorising Draft Statement of Accounts 2018/19 for release

Michael Jackson, Principal Financial Accountant, advised the Committee of a minor change to the process for authorising the Draft Statement of Accounts 2018/19 (SOA) for release.

Members were informed that the Senior Finance Officer was unavailable the week before signing the statement and therefore, the Deputy S151 Officer would sign the SOA before being signed and approved by the External Auditors.

As a result, the Governance Committee meeting would be taking place a week later than usual, on Wednesday 5 June, which meant that Members of the Committee would not have sight of the SOA until a few days after being signed. The Committee were reassured that Officers had consulted with the council's constitution, legislation, and CIPFA guidance. All advised that this was acceptable practice as the council was not required by legislation to consult with Members on the SOA before it was signed.

DECISION – That the update be noted.

19.G.65 RIPA Application Update

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

19.G.66 Governance Committee Work Programme 2019/20

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