

**Minutes of**                              **Governance Committee**

**Meeting date**                        **Wednesday, 29 November 2023**

**Members present:**                Councillor Alan Platt (Chair), Councillor Mark Clifford (Vice-Chair) and Councillors Gordon France, Christine Heydon, Samantha Martin, Dedrah Moss, Jean Sherwood and Neville Whitham

**Officers:**                              Louise Mattinson (Director of Finance), Jean Waddington (Principal Financial Accountant), Neil Halton (Principal Management Accountant), Dave Whelan (Head of Legal and Procurement), Dawn Highton (Head of Audit and Risk) and Ben Storey (Democratic and Member Services Officer)

**Other Members:**                Councillor Joan Williamson, Charlotte Fitch (Independent Person) and Peter Ripley (Independent Person)

**23.G.37         Apologies**

None – all members present.

**23.G.38         Declarations of Any Interests**

Councillor Mark Clifford declared a personal interest in item 4 - Draft Audit Findings Report 2022/23 as a member of the Lancashire County Council Pension Committee.

**23.G.39         Minutes of meeting Wednesday, 27 September 2023 of Governance Committee**

**Resolved: (Unanimously)**

That the minutes of the last meeting, held on Wednesday 27 September 2023, were an accurate record for signing by the Chair, subject to a minor amendment to note that apologies for absence were received from the committees two independent members, Peter Ripley and Charlotte Fitch.

**23.G.40         Draft Audit Findings Report 2022-23**

Georgia Jones, of Grant Thornton, presented the report which provided a draft of the Audit Findings Report for 2022/2023.

Work was nearing completion with just a few areas left outstanding – a final report is expected to be brought at the next meeting of the committee in January. Outstanding

work included valuations of land, assets and investment properties, several audit queries around some of the testing and a surplus in the pension fund. Value for Money work is ongoing but is substantially finished with the expectation that it will be presented at the next meeting.

On the surplus in the pension fund, clarification was provided around the different accounting requirements when handling a surplus given the unique nature of having a 'pension asset.'

The Committee were provided reassurances around weaknesses previously identified in the council's procurement service. A Senior Procurement Officer had recently been appointed and another officer joining in January. With these additions the team was back to full capacity with a review planned to assess whether any further strengthening of the team is required. It was acknowledged that procurement across the whole organisation was an area where improvements were required, not solely within the relatively small procurement team.

Misclassification errors were highlighted but assurances provided that the figures were a presentational adjustment due to classifying a nine month loan as a long term loan in error. The Director of Finance confirmed that it did not relate to any movement of cash but how it was categorised on the balance sheet – with no impact on the overall net asset figure.

On the current backlog in completing audited accounts, members were advised this was a lasting impact of the pandemic with a significant increase in workload for finance teams to deliver and administer a range of Covid-related grants. This in conjunction with changes in deadlines set by the government for the production of audited accounts and more extensive accounting regulation and audit requirements had presented challenges for finance teams and external auditors in completing audits on time.

Management responses not currently included in the draft report would be collated and presented as part of the final Audit Findings Report – with members receiving clarification that actions arising from the recommendations, specifically around ICT, had been passed on to the relevant Director.

**Resolved – that the update be noted.**

#### **23.G.41 Statement of Accounts 2022/23**

The Director of Finance, supported by the Principal Financial Accountant presented the report which sought approval for the audited Statement of Accounts for 2022/2023.

The committee heard that the whole finance team had worked tirelessly to produce the report, with many new additions to the team over the last 18 months contributing to complete the work required.

The bulk of the work on the audit had been completed with just a few areas now outstanding, notably around assets and pensions, with the final report being brought to the next meeting of the committee in January 2024 for approval. It was noted therefore that as a result, the target deadline of 30 November 2023 would be missed.

Members requested an update on actions relating to areas for improvement identified within the report. In response, the Head of Audit and Risk confirmed that an update on those recommendations would be included in the audit update which would be brought to the next meeting in January.

Members thanked officers for delivering comprehensive training on the Statement of Accounts for committee members.

**Resolved: (Unanimously)**

**That the Committee;**

- 1. Approve the Statement of Accounts for 2022/23, subject to any minor amendments identified during the final stages of the completion of the External Audit by Grant Thornton, which, in the opinion of the Director of Finance (Section 151 Officer), are minor in nature, i.e. defined as non-material to the finance position of the council;**
- 2. Delegates authority to the Director of Finance, in consultation with the Chair of the Governance Committee, to make such amendments;**
- 3. Be reconvened to approve the new Statement of Accounts, if amendments are identified during the final stages of the completion of the External Audit by Grant Thornton, which the Director of Finance considers to be material to the financial position of the council; and**
- 4. Authorises the Director of Finance and Chair of Governance Committee to sign the Letter of Representation as included at Appendix B.**

**23.G.42 Treasury Management Mid Year Review 2023/24**

The Principal Financial Accountant presented the report which sought to update the committee on treasury management performance and compliance for the period ending 30 September 2023, as part of requirements under the Treasury Management Code of Practice.

Members heard that there had been no additional borrowing on behalf of the council for the six month period up to 30 September 2023, the council remains under borrowed signifying the use of its own internal resources to fund capital expenditure rather than borrowing externally and has remained in the authorised and operational boundaries for borrowing as approved by Council in the Treasury Management Strategy in February 2023. Where possible, planned capital expenditure will be met internally but there was a likelihood that further borrowing would be required in the future to fund the capital programme.

Investment on returns had been good within this reporting report in line with interest rates and overall the council's treasury management was in a positive position.

**Resolved – that the update be noted.**

**23.G.43 Governance Committee Terms of Reference**

The Head of Audit and Risk presented this report which followed on from discussions around best practices for audit committees and the subsequent self-assessment undertaken by the committee in September this year. Arising from this work was an action to review the current Terms of Reference which has now been completed by the internal audit team with suggested amendments outlined within the report. In addition, members were asked to consider whether the Standards responsibilities

should remain with the Governance Committee or split the functions with the creation of a separate Standards Committee.

Members debated any advantages of separating Standards from the Governance Committee, noting that generally standards issues were uncommon and that current arrangements had been demonstrated to be effective with a recent Standards Hearing taking place and whether there would be any value in separating the functions.

**Resolved: (Unanimously)**

**That the Committee;**

- 1. Endorses the updated Terms of Reference prior to submission to full council for approval; and**
- 2. Agrees that Standards responsibilities should remain with the Governance Committee.**

#### **23.G.44 Constitution Update**

The Deputy Monitoring Officer presented the report which outlined proposed changes to the Constitution regarding the adoption of the new model Code of Conduct for Members. The Committee were asked to consider the suggested changes and propose them to Full Council for adoption.

The proposals seek adopt the Local Government Associations model code of conduct and to align the Chorley Council Code of Conduct with the county council and other town and parish councils in the local area – providing a consistent approach for any members who may be elected to more than one council.

Members commented on the benefits of adopting the proposed changes but suggested that there were particular areas that could be strengthened. Specific reference was made to the application of the code of conduct, timescales in handling complaints, protection for councillors and their responsibilities with regards to use of Social Media. Following further debate, a working group derived the Committee was proposed to explore these issues in greater depth and determine how any documents are set out and published.

**Resolved: (Unanimously)**

**That the Committee defers this item and requests a working group be established to further explore the issues raised during the debate.**

#### **23.G.45 Report from Standards Panel**

The Deputy Monitoring Officer presented a summary and findings of a recent Standards Hearing meeting that considered a complaint made against Councillor Alan Whittaker.

The Panel considered the Investigating Officer's findings, oral evidence provided at the hearing and concluded that there had been breaches of the Code in respect of failing to comply with the following paragraphs:-

*'Valuing my colleagues and staff and engaging with them in an appropriate manner and one that underpins the mutual respect between us that is essential to good local government'*

And;

*'Always treating people with respect, including the organisations and public I engage with and those I work alongside'*

Following careful consideration, the Hearing Committee resolved to instruct the Monitoring Officer to arrange training for Councillor Whittaker, relevant to the breaches determined by the Panel.

Members of both the Committee and the Standards Hearing Panel reflected on the timescales from the initial complaint through to a final resolution with agreement that this would be reviewed.

**Resolved – That the update be noted.**

**23.G.46 RIPA Application Update**

The Deputy Monitoring Officer informed Committee that no RIPA applications had been made.

**23.G.47 Work Programme**

In response to a query raised about whether the council's performance around climate change could be an area which is strengthened within audit and risk interim reports, the Head of Audit and Risk confirmed there were no current plans to do so but suggested that this could be incorporated as part of the next six-monthly plan.

Following on from discussions earlier in the meeting, it was agreed that Grant Thornton would bring the Final Audit Findings Report and the Auditors Annual Report to the next committee meeting.

**Resolved – That the work programme be noted.**

**23.G.48 Any urgent business previously agreed with the Chair**

There was no urgent business.

Chair

Date