



Minutes of Governance Committee

Meeting date Wednesday, 16 March 2022

Committee

Members present: Councillor Debra Platt (Chair) and Councillors Mark Clifford, Gordon France, James Nevett, Alan Platt and Jean Sherwood

Committee Members

Present virtually (non-voting): Councillor Hasina Khan

Officers: Gary Hall (Chief Executive), Louise Mattinson (Director of Finance), Chris Moister (Director of Governance), Tony Furber (Principal Financial Accountant), Dawn Highton (Service Lead Audit and Risk) and Nina Neisser (Democratic and Member Services Officer)

Apologies: Councillors Julia Berry and Karen Derbyshire

Other Members: Georgia Jones (Grant Thornton UK LLP) and Charlotte Fitch (Independent Person)

22.G.59 Minutes of meeting Wednesday, 19 January 2022 of Governance Committee

Resolved – That the minutes of the Governance Committee meeting held on 19 January 2022 be confirmed as a correct record for signature by the Chair.

22.G.60 Declarations of Any Interests

There were no declarations of any interests.

22.G.61 2020/21 Statutory Accounts

Louise Mattinson, Director of Finance presented her report which presents the audited Statement of Accounts for 2020/21 for approval.

There have been a small number of material changes to the Statement of Accounts from the draft version published on 15 October 2021. These relate to asset classification and valuations and offsetting adjustments between Short Term Debtors and Creditors, so the underlying financial position of the Council, its financial performance for the year and levels of Usable Reserves, are unaffected. The material changes are:

- Amounts totalling £1.695m have been reclassified within Note 20, from Prepayments to Trade Receivables.

- A prepayment of deficit recovery costs of £883k to the Lancashire Pension Fund, which had been classed under Short Term Debtors has now been offset against the outstanding Pensions Liability.

Members were advised that the Appointed Auditor anticipates providing the Council with an unmodified audit report.

Resolved -

That the Committee approve the audited Statement of Accounts for 2020/21 (Appendix A), subject to any amendments which in the opinion of the Director of Finance (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material to the financial position of the authority. The Director of Finance will exercise this delegation in consultation with the Chair of Governance Committee. In the event that the Director of Finance is of the opinion the amendments are material to the financial position of the authority, Governance Committee will be reconvened to approve the new Statement of Accounts.

22.G.62 2020/21 Letter of Representation

Louise Mattinson, Director of Finance presented the proposed draft letter of representation which is provided in connection with the audit of the financial statements of Chorley Borough Council for the year ended 31 March 2021.

Georgia Jones advised that since the agenda was published, Grant Thornton have identified a further item regarding business grant income of £675k which has been incorrectly classified within the Comprehensive Income and Expenditure Statement (CIES). It was understood that the note in the accounts will be updated in respect of this but the CIES will not. Members were asked to confirm that they were happy for the mis-statement to remain unadjusted in the CIES.

Louise Mattinson, Director of Finance advised of the reasoning for this and explained that the reclassification relates to the analysis of business grants provided by the government to the council during the Covid pandemic, for which the council was deemed to act in the capacity of agent for some, whereas for others it was deemed to act as principal, each of which had different accounting treatment. Members were reassured that although a sizeable amount, the figure remained below the materiality threshold and therefore the council have chosen not to adjust.

Following queries, the Committee were advised that the Appendix detailing the Unadjusted mis-statements will be published alongside the accounts and a note would be included on the accounts themselves providing justification for the decision not to reclassify.

Resolved -

- 1. That the Committee authorise the Director of Finance and Chair of Governance Committee to sign the Letter of Representation**
- 2. That the Governance Committee is happy that the CIES won't be adjusted for the £675k discrepancy identified by Grant Thornton which Chorley Council considers immaterial.**

22.G.63 2020/21 Audit Findings Report

Georgia Jones, Grant Thornton presented the report of the External Auditor on their audit findings for the authority for the year ending 31 March 2021 that highlighted key matters arising in the audit of the Council's financial statements.

The Committee were advised that Grant Thornton's audit work was substantially complete, and although there are a few minor queries outstanding, it is not anticipated that these will require modification to the audit opinion. Grant Thornton anticipate giving an unmodified report.

Members were advised that the external auditors have not yet completed all of the Value for Money (VfM) work and so are not in a position to issue the Auditor's Annual Report. An audit letter explaining the reasons for the delay was provided. This report is expected by 30 June 2022, which is in line with the National Audit Office's revised deadline.

Members noted that Astley Hall was included in the accounts at a nominal value of £1 at 31 March 2021, based on a condition survey undertaken several years ago. As the renovation works progress towards completion in 2022-23, the current valuation basis will no longer be appropriate, therefore Grant Thornton recommend that Chorley Council revalue the asset to ensure that the value is not materially misstated.

Resolved - That the report be noted.

22.G.64 Chorley Borough Council Audit Plan 2020-21

Georgia Jones, Grant Thornton presented the report of the External Auditor on the Chorley Borough Council Audit Plan 2020/21.

Members were advised that the same plan was brought before the Committee earlier in the year, however this has subsequently been updated to include Value for Money (VfM) risk. An updated risk assessment was provided to highlight this key change to the audit plan. Grant Thornton will report back on the VfM work once complete.

Resolved - That the report be noted.

22.G.65 Homes England Compliance Audit

Louise Mattinson, Director of Finance presented her report which acknowledges receipt of the Homes England Compliance Audit report as required by Homes England.

The Homes England Compliance Audit relates to the Tatton Development. Homes England have provided funding to the value of £3.72m towards the Tatton capital scheme and as a result there is a requirement to meet their audit requirements. Grant Thornton were engaged to conduct the audit which has now been reviewed by Homes England and judged to meet all requirements.

The review concluded that Chorley Council has complied with all the programme requirements and guidance. A Green grade has been assigned and no breaches were identified.

Resolved -

- 1. To acknowledge receipt of the report as required by Homes England**
- 2. Note there are no breaches recorded and the report is green meeting all requirements.**

22.G.66 Internal Audit Plan April to September 2022

Dawn Highton, Service Lead for Audit and Risk presented her report which sets out the programme of work to be undertaken by the Internal Audit Service. This provides details of the Internal Audit Plan and associated performance indicators as well as seeking Committee approval of the Audit Plan and Internal Audit Charter.

Historically the Internal Audit Plan has been compiled and approved on an annual basis, however, to enable Internal Audit to be flexible and responsive to emerging risks across the organisation, it is proposed that the Internal Audit Plan is only developed for April to September. The intention is then to revisit the audit needs analysis and to liaise with key stakeholders to consider any new and emerging risks to identify the work plan for October to March 23. Adopting this way of working will also allow the Council to accurately tailor the plan to the resources we have available during each 6-month period.

It has also been agreed that the Internal Audit Service will provide 105 audit days to Chorley Leisure Limited (CLL). The plans for both the Council and CLL will be completed solely by the in-house team with external support procured for the specialist ICT reviews. For the period October 22 to March 23, it is intended to increase the capacity of the Internal Audit Service with the recruitment of an audit trainee post and with the use of agency staff.

Members noted the reviewed Internal Audit Charter which has been amended to include Chorley Leisure Limited.

Resolved -

- 1. That the Committee approve the Internal Audit Plan and associated indicators.**
- 2. That the Committee approve the Internal Audit Charter.**

22.G.67 GDPR Update

Chris Moister, Director of Governance presented his report which informed Members of the actions taken to review the Council's compliance with the General Data Protection Regulations (now Data Protection Act 2018).

Following the requirements of the General Data Protection Regulations which came into force in May 2018, the Council delivered and adopted a compliant framework which met our obligations under the legislation. It had been intended to undertake a full review in 2020/21 to ensure that the adopted policies remained compliant, however this review was delayed due to the impact of Covid. The review was undertaken by legal services in the final quarter of this year. The Information Security Framework was not reviewed by legal services as while compliance with it supports GDPR compliance, it is not in itself a GDPR policy. IT owns this document and have been asked to undertake a review of it.

The policies were considered compliant with only some minor amendments to be made. The review considered policy compliance, data retention, data controllers, training, adequacy decision and data breaches.

The Committee noted that since 1 April 2021, the council has self-reported data breaches twice, although neither incident was viewed as serious internally. In light of our actions the ICO took no action on either self-report. Members took assurance that the GDPR framework is operating and embedded due to the limited number of data breaches.

The Committee highlighted the importance of mandatory GDPR training for Members and were advised that this was undertaken as part of the induction following the elections. E-learning was also available.

Resolved - That the report be noted.

22.G.68 Local Code of Corporate Governance

Chris Moister, Director of Governance presented his report which updates Members on the outcome of a review of the Local Code of Corporate Governance.

The Council has an adopted Local Code of Corporate Governance, in compliance with CIPFA Guidance, which sets out how the Council delivers its Corporate Governance Framework and explains how it operates. The Local Code should be reviewed frequently to ensure it is up to date and reflects the current framework.

A number of policy families have been updated in the last 12 months, however Members acknowledged that the vast majority of the documents remain unchanged. Specific to this Local Code there have been presentational changes this year. The table of interrelationships between principles, statutory obligations and corporate objectives and supporting documents and processes has been moved into the body of the document. Although a small change it clearly shows the core documents and processes which support our framework, making the relationships clearer. The detail of the evidence of compliance has been moved into an appendix.

Resolved - That Members approve the Local Code of Corporate Governance.

22.G.69 RIPA Application Update

Chris Moister, Director of Governance/Monitoring Officer reported that no RIPA applications had been made.

22.G.70 Work Programme

The Committee considered the work programmes for 2021/22 and 2022/23 which set out the reports to be considered at each Governance Committee meeting throughout the Council year.

Resolved – That the work programme be noted.

Chair

Date