

Minutes of Governance Committee

Meeting date Wednesday, 19 January 2022

Committee

Members present: Councillor Debra Platt (Chair), and Councillors Sarah Ainsworth, Julia Berry, Gordon France, Alan Platt and Jean Sherwood

Committee Members present virtually (non-voting):

Councillor Hasina Khan

Officers:

Gary Hall (Chief Executive), Louise Mattinson (Director of Finance), Dave Whelan (Shared Service Lead - Legal), Dawn Highton (Service Lead - Audit and Risk) and Nina Neisser (Democratic and Member Services Officer)

Apologies:

Councillor Karen Derbyshire

Other Members:

Matt Derrick (Grant Thornton UK LLP) and Charlotte Fitch (Independent Person)

22.G.51 Minutes of meeting Wednesday, 24 November 2021 of Governance Committee

Resolved - That the minutes of the Governance Committee meeting held on 24 November 2021 be confirmed as a correct record for signature by the Chair.

22.G.52 Declarations of Any Interests

There were no declarations of any interests.

22.G.53 External Audit Progress Update Report

Matt Derrick, Grant Thornton, presented the External Audit Progress Update Report which provides an update on progress of delivery from the external auditors, a summary of emerging national issues and developments and includes a number of challenge questions in respect to these emerging issues.

Members noted the financial statements audit, value for money and audit fees as well as certification of claims and returns. It was reported that the certification work for the Housing Benefit Subsidy claim, in accordance with procedures agreed with the Department for Work and Pensions (DWP) is underway with the deadline for the completed certification being 31 January 2022.

Work is ongoing on the audit of the 2020/21 Statement of Accounts and this is hoped to be completed in a couple of weeks. Members were advised the Annual Findings Report was on schedule to report at the March Committee meeting along with the audit opinion on the financial statements. Following this, the Value for Money work will conclude and the draft annual auditors report will be submitted at a later date, within the allowed three months.

Gary Hall noted the significant number of delays and the potential impact of this running into the next audit. Following queries on the likelihood of getting all the work completed prior to the 2021/22 audits and closure of accounts, Grant Thornton provided reassurances that they would be reporting the AFR at the next Committee meeting in March and tentatively reporting the Value for Money at this point. They were confident that the 2020/21 audits would be completed by the financial year end to mitigate any risk of this affecting the 2021/22 accounts preparation.

Resolved - That the update be noted.

22.G.54 Annual Audit Letter 2019-20

Matt Derrick, Grant Thornton, presented the Annual Audit Letter 2019/20 for Chorley Borough Council. Members have previously considered the contents of this in the audit findings report at the Committee Meeting in November.

The letter formally issues the final annual audit report on the 19/20 audit and confirms that the opinion and certificate on the financial statements was issued on 30 November 2021.

Members noted the letter and questioned whether a dispute around some of the valuations had been resolved. It was reported that the dispute had been resolved and concluded as part of the financial audit opinion. Following this, council officers were working ahead of time to prepare for the 2021/22 accounts in the new financial year whilst completing the 2020/21 accounts.

Following queries on a difference of opinion with regards to Value for Money risk as noted in the report, the Committee were advised that the council did not agree with the external auditors published view but would accept it and address it. Officers highlighted the reasons for this and clarified to Members that the external auditors were not making a judgement on the investment but on the processes.

Resolved - That the Annual Audit Letter for Chorley Borough Council 2019 be noted.

22.G.55 Internal Audit Interim Report as at 31st December 2021

Dawn Highton, Service Lead for Audit and Risk presented her report which advised Members of the work undertaken in respect of the Internal Audit Plan from November 2021 to December 2021 and provides an appraisal of the Internal Audit Service's performance to date. It also seeks Committee approval of the amendments to the Audit Plan 2021/22.

The nine reviews that have been completed are outlined in the report; four of which have received a substantial assurance rating, four an adequate assurance rating and one limited report awarded.

Members were reminded that the internal audit plan for 2021/22 is an extremely challenging plan which involved additional resource being bought in to meet the 489 days to allow the Service to successfully deliver the plan. The recruitment exercise to fill the additional posts took longer than originally anticipated which has impacted performance. In addition, two members of the team resigned and left the Service at the end of December. Whilst successfully appointing a temporary auditor to fulfil one of the roles, there will be a residual impact on the delivery of the plan. To that extent, the Committee are asked to approve the deferral of the following 4 reviews to 22/23. These have been selected taking into consideration the risks to the system and our knowledge of the working practices:

- Plant inventories/contract management
- Community infrastructure levy
- Safeguarding
- Health and Safety

Whilst requesting the deferral of 4 reviews, Officers are confident that assurances will be provided to the senior management and members on a total of 23 different audit reviews. This is a significant increase than provided in previous years.

The Committee discussed the selection process for the deferral of the above four reviews and were satisfied with the reasons for their selection.

Members noted that going forward, performance for the remainder of the year will be impacted due to previous the recruitment issues. Internal Audit will shortly commence the process for compiling the Annual Audit Plan for 2022/23. Members are invited to suggest any topics they wish to be included in the next Audit Plan. These will be considered and form part of the overall risk assessment.

Resolved -

- 1. To note the position with regards to the Internal Audit Plan**
- 2. To approve the amendments to the Internal Audit Plan 2021/22.**

22.G.56 2021/22 Annual Governance Statement Action Plan - Update

Dave Whelan, Deputy Monitoring Officer presented the report of the Monitoring Officer which informs the Committee on the progress of the implementation of the 2021/22 Annual Governance Statement action plan.

As part of the Annual Governance Statement, the council identified areas of improvement and provided actions to progress the improvements. This action plan was previously approved by the Governance Committee. It is approximately six months since the action plan was approved and it is therefore appropriate to review the implementation of the actions.

The key themes include Induction/Recruitment, The Loop, Risk Management, GDPR, Key Corporate Policies, Value for Money, Inventories, Transparency Act. Members noted the substantial work undertaken with regards to updating the new online induction, a comprehensive review of HR policies, and the development of a

transformation strategy which has been approved and detailed information has been published in accordance with the transparency code.

Members were advised that overall good progress has been made but further work needs to be undertaken. The Council remain on track to deliver the action plan.

Resolved – That the report be noted.

22.G.57 RIPA Application Update

Dave Whelan, Deputy Monitoring Officer, reported that no RIPA applications had been made.

22.G.58 Work Programme

The Committee considered the work programme 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