

## **Governance Committee**

1. This report summarises the business undertaken at the Governance Committee meeting held on 16 March 2022.

### **General Report of the Meeting Held on 16 March 2022**

#### **2020/21 Statutory Accounts**

2. Louise Mattinson, Director of Finance presented her report which outlined 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 related 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, were unaffected.
3. We were advised that the Appointed Auditor anticipates providing the Council with an unmodified audit report. We approved the audited Statement of Accounts for 2020/21 as outlined in the recommendations in the report.

#### **2020/21 Letter of Representation**

4. Louise Mattinson, Director of Finance presented the proposed draft letter of representation which was provided in connection with the audit of the financial statements of Chorley Borough Council for the year ended 31 March 2021.
5. Georgia Jones advised that since the agenda was published, Grant Thornton identified a further item regarding business grant income of £675k which had been incorrectly classified within the Comprehensive Income and Expenditure Statement (CIES). It was understood that the note in the accounts would be updated in respect of this but the CIES would not. We were asked to confirm that we were happy for the mis-statement to remain unadjusted in the CIES.
6. 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. We were reassured that although a sizeable amount, the figure remained below the materiality threshold and therefore the council have chosen not to adjust.
7. Following queries, we were advised that the Appendix detailing the Unadjusted mis-statements would be published alongside the accounts and a note would be included on the accounts themselves providing justification for the decision not to reclassify. We approved the Letter of Representation 2020/21 for signature as outlined in the recommendations in the report and confirmed that the Committee was happy that the CIES won't be adjusted for the £675k discrepancy identified by Grant Thornton which Chorley Council considers immaterial.

#### **2020/21 Audit Findings Report**

8. 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.

9. We were advised that Grant Thornton's audit work was substantially complete, and although there are a few minor queries outstanding, it was not anticipated that these would require modification to the audit opinion. Grant Thornton anticipated giving an unmodified report.
10. We were advised that the external auditors had not yet completed all of the Value for Money (VfM) work and so were not in a position to issue the Auditor's Annual Report. An audit letter explaining the reasons for the delay was provided. This report was expected by 30 June 2022, which is in line with the National Audit Office's revised deadline.
11. We 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 recommended that Chorley Council revalue the asset to ensure that the value is not materially misstated. We noted the report.

### **Chorley Borough Council Audit Plan 2020/21**

12. Georgia Jones, Grant Thornton presented the report of the External Auditor on the Chorley Borough Council Audit Plan 2020/21. We were advised that the same plan was brought before the Committee earlier in the year, however this had 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 would report back on the VfM work once complete. We noted the report.

### **Homes England Compliance Audit**

13. Louise Mattinson, Director of Finance presented her report which acknowledged receipt of the Homes England Compliance Audit report as required by Homes England.
14. The Homes England Compliance Audit related 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 was a requirement to meet their audit requirements. Grant Thornton were engaged to conduct the audit which had been reviewed by Homes England and judged to meet all requirements.
15. The review concluded that Chorley Council had complied with all the programme requirements and guidance. A Green grade was assigned and no breaches were identified. We acknowledged receipt of the report as required by Homes England and noted there were no breaches recorded and the report was green meeting all requirements.

### **Internal Audit Plan April to September 2022**

16. Dawn Highton, Service Lead for Audit and Risk presented her report which set out the programme of work to be undertaken by the Internal Audit Service. This provided details of the Internal Audit Plan and associated performance indicators as well as seeking Committee approval of the Audit Plan and Internal Audit Charter.
17. Historically the Internal Audit Plan had 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 was proposed that the Internal Audit Plan was only developed for April to September. The intention was 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 would also allow the Council to accurately tailor the plan to the resources available during each 6-month period.

18. It had also been agreed that the Internal Audit Service would provide 105 audit days to Chorley Leisure Limited (CLL). The plans for both the Council and CLL would 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 was 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.
19. We noted the reviewed Internal Audit Charter which had been amended to include Chorley Leisure Limited. We approved the Internal Audit Plan and associated indicators, as well as the Internal Audit Charter.

### **GDPR Update**

20. 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).
21. 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.
22. 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.
23. The Committee noted that since 1 April 2021, the council had 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. We took assurance that the GDPR framework was operating and embedded due to the limited number of data breaches.
24. We 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. We noted the report.

### **Local Code of Corporate Governance**

25. Chris Moister, Director of Governance presented his report which updated 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.
26. A number of policy families had been updated in the last 12 months, however we 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 had 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 had been moved into an appendix. We approved the Local Code of Corporate Governance.

### **RIPA Application Update**

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

### **Recommendations**

28. To note the report.

Councillor Debra Platt  
Chair of the Governance Committee

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