

**Minutes of Governance Committee**

**Meeting date Wednesday, 23 November 2022**

**Members present:** Councillor Mark Clifford (Chair) and Councillors Sam Chapman, Gordon France, Margaret France, Michelle Le Marinel, Dedrah Moss and Neville Whitham

**Officers:** Louise Mattinson (Director of Finance), Neil Halton (Principal Management Accountant), Hanne Birchall (Senior Financial Accountant), Chris Moister (Director of Governance), Dawn Highton (Head of Audit and Risk), Jacqui Murray (Senior Auditor) and Nina Neisser (Democratic and Member Services Officer)

**Apologies:** Councillor Debra Platt

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

**22.G.23 Minutes of meeting Wednesday, 3 August 2022 of Governance Committee**

**Resolved – That the minutes of the Governance Committee meeting held on 3 August 2022 be confirmed as a correct record for signature by the Chair.**

**22.G.24 Declarations of Any Interests**

There were no declarations of any interests.

**22.G.25 External Audit Plan - Addendum**

Georgia Jones, Grant Thornton presented the report of the External Auditor which provides an addendum to the External Audit Plan issued in June 2022.

Members were reminded that when the original External Audit Plan for 2021/22 was issued in June 2022, it had not been confirmed whether the council needed to also prepare group accounts. Following this, discussions with the council confirmed that group accounts were required, and they have since been received. Confirmation of this is provided in the addendum as well as setting out related risks.

The Committee noted that the group audit was going to take place at the same time as the financial statements audit. Potential risks for the council haven't changed from the original audit plan, but the risks from the group audit were outlined in the report.

**Resolved - That the report be noted.**

## 22.G.26 External Audit Findings Report

Georgia Jones, Grant Thornton presented the report of the External Auditor which summarises the key findings and other matters arising from the statutory audit of Chorley Borough Council and the preparation of the group and Council's financial statements for the year ended 31 March 2022.

The Committee were advised that the audit of the council's financial statements was ongoing and was substantially complete. At the time of writing the report there were numerous areas of work outstanding but these had since been resolved. Grant Thornton anticipated giving an unqualified report and anticipated meeting the deadline of 30 November. The Value for Money work would be completed in the three months after the audited opinion.

Members were advised of the main adjustments made to the Statement of Accounts from the version published on 12 August 2022. Three further adjustments have been identified for consideration. These adjustments would be amended in the final Statement of Accounts.

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

## 22.G.27 Statement of Accounts 2021/22

Louise Mattinson, Director of Finance presented the report which presents the audited Statement of Accounts for 2021/22 for approval, subject to the final pieces of work to be undertaken by Grant Thornton.

Members were advised that if any material adjustments were identified between now and the conclusion of the sign off, then the Governance Committee would need to reconvene to approve the accounts. Since the publication of the Statement of Accounts work has continued and three adjustments have been identified for consideration as follows;

1. **Land and buildings valuation (in relation to Whittle GP Surgery)** – The valuation of land and buildings produced a differing value in the accounts and the valuation by £82k. This has not been adjusted as it is considered minor in nature and immaterial. This unadjusted misstatement will be amended in the Letter of Representation which is provided to the Committee for signature by the Director of Finance and the Chair of the Governance Committee, as well as the final version of the Audit Findings Report from Grant Thornton.
2. **Heritage assets (in relation to Astley Hall)** – there was an insurance valuation of £2.9m but the Council also undertook a professional valuation. The Code of Practice allows the authority to value those assets by any method considered appropriate and relevant. Grant Thornton are content with the council's approach of using the professional valuation. This creates a slight variation between the carrying value of assets in the Statutory Accounts and the professional valuation of £642k, therefore the figures in the accounts need uplifting by £642k. The council proposes to include this adjustment in the Statement of Accounts.
3. **Plant at leisure centres** – double counting of some plant at one of the leisure centres has led to the need to adjust an overstatement in the accounts to the value of £2.2m. Although this is not a significant change (more about the

presentation of the figures in the accounts), it is considered a material adjustment and therefore the council proposes to include this adjustment.

The recommendations remained to approve the audited Statement of Accounts subject to the amendments above; two are considered material and therefore will be adjusted and one has not been actioned in the accounts as it is not material to the accounts.

The Committee noted a rounding error in the draft Statement of Accounts which would be amended in the final version. Members also discussed the lease in relation to Logistics House.

**Resolved -**

- 1. To approve the audited Statement of Accounts for 2021/22 (Appendix A), subject to any amendments which, in the opinion of the Director of Finance (Section 151 Officer), are minor in nature, i.e. defined as non-material to the financial position of the council;**
- 2. To delegate authority to the Director of Finance, in consultation with the Chair of Governance Committee, to make such amendments;**
- 3. If the Director of Finance is of the opinion that any such amendments are material to the financial position of the council, to reconvene the Governance Committee to approve the new Statement of Accounts;**
- 4. To authorise the Director of Finance and Chair of Governance Committee to sign the Letter of Representation (Appendix B);**
- 5. To approve the two additional amendments to the accounts in relation to heritage assets and plant at the leisure centres.**

**22.G.28 Treasury Management Mid Year Review 2022/23**

Louise Mattinson, Director of Finance presented the report which outlines Treasury Management performance and compliance with Prudential Indicators for the period ended 30th September 2022 and presents monitoring figures for the quarter ended 30th September 2022, including updated interest rate forecasts from Link Asset Services.

At its meeting on 22 February 2022, Council approved the Treasury Management Policy Statement; Prudential Indicators; Investment Strategy; and the Annual Minimum Revenue Provision (MRP) Policy for 2022/23. The Treasury Management Annual Report for 2021/22 was presented to Governance Committee on 3rd August 2022. The Code of Practice for Treasury Management requires all Councils to review their treasury strategies and activities half yearly. This report satisfies that requirement.

Members noted that the latest forecasts show PWLB borrowing rates peaking December 2022 - March 2023 then gradually reducing, however the volatility of world and domestic markets must be stressed. Based on these projections, Members recognised that it was worth waiting to borrow rather than borrowing now. The council were monitoring and managing the cash balances to ensure they are maximised before seeking to borrow.

Members noted that the Council has;

- remained within its Prudential Indicators;
- adhered to its approved Counterparty Limits;

- not entered into any further borrowing; however further borrowing is likely to fund the approved Capital Programme;
- retained its “under borrowed” position;
- has achieved an increased investment yield of 0.82%

**Resolved - That the report be noted.**

#### **22.G.29 Internal Audit Plan October 22 - March 23**

Dawn Highton, Head of Audit and Risk presented the report which sets out the programme of work to be undertaken by the Internal Audit Service for the period between October 22 to March 23.

The Internal Audit Plan will be completed largely by the in-house team with external support procured for specialist ICT reviews and additional capacity provided by some temporary resource. The council has also recently successfully appointed to the post of Audit Trainee and this post is included in the resource allocation.

Successful delivery of the two combined six-month Plans will mean that Internal Audit will have delivered, in total 316 audit days to Chorley Council and 105 days to Chorley Leisure Limited, resulting in 21 audit assurance ratings. This is considered to be sufficient coverage in order to be able to provide the Governance Committee with an annual opinion on the overall adequacy and effectiveness of the organisation’s governance, risk management and control processes as required by the Public Sector Internal Audit Standards.

Members noted the adjustments to the risk assessments following a review in August 2022 but recognised the internal audit plan was not affected by this due to the plans being developed on a six-monthly basis rather than annually.

**Resolved - That the Committee approve the Internal Audit Plan.**

#### **22.G.30 Internal Audit Interim Report as at 30th September 2022**

Jacqui Murray, Senior Auditor presented the report which advises members of the work undertaken in respect of the Internal Audit Plan from April 2022 to September 2022 and to give an appraisal of the Internal Audit Service’s performance to date. The plan provides for 135 days of audit work.

The work undertaken this year was mostly complete, however there were some residual pieces of work still outstanding. It was anticipated that the report would be issued imminently and reported to the Governance Committee in January.

Members noted that the majority of the indicators were either above target or slightly below as at the end of September with only the percentage of agreed actions implemented by management for CBC and Shared Services being lower than the agreed target.

Internal Audit have reviewed the outstanding actions and have concluded that many of these are currently in progress but are not at the stage of being fully implemented. Many of these actions are heavily reliant on IT and it is hoped that as the IT improvements progress the outstanding actions can be implemented in the coming months.

Internal Audit have recently successfully recruited to an Audit Trainee post. Access to formal qualifications, alongside structured mentoring/in-service training will mean that there is an established plan to develop this individual into a fully-fledged Auditor role who is able to work independently and subsequently add value to both the Service and the organisation.

**Resolved - That the report be noted.**

**22.G.31 RIPA Application Update**

Chris Moister, Monitoring Officer reported that no RIPA applications had been made.

**22.G.32 Work Programme**

The Committee considered the work programme for 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