

## **Governance Committee**

1. This report summarises the business undertaken at the Governance Committee meetings held on Thursday 8 February and Wednesday 13 March 2024.

### **General Report of the Meeting Held on 8 February 2024**

#### **Chorley Audit Findings Report 2022/23**

2. Grant Thornton presented the report which summarised findings from their audit for the period of 2022/2023.
3. We heard that the audit was now substantively complete, subject to final quality checks and certification of the accounts. Final adjustments that had been made since the draft findings had been considered by the Committee concerned valuations, where a duplication and several land assets had been incorrectly recorded. There was a significant adjustment with regards to how Astley Hall was accounted for, given that the Hall was now a fully operational asset following refurbishment work. As such, the Hall had been amended from a heritage asset with a nominal value of £1 to being incorporated in the accounts with a valuation of £2.3 million.
4. The pension liability was now a 'pension asset' and subsequently required different accounting considerations. As a result of it not being a 'true asset' the asset had been limited to nil and therefore just under £10 million had been removed from the accounts – though it was stressed that this had no impact on the value of the pension fund itself, as it was purely a required accounting treatment for the statutory accounts.
5. Other adjustments that were highlighted included deficiencies around ICT controls, additional conclusions around weaknesses identified on Value for Money work and changes around the accounting period for the Tatton development given the project was undertaken across different financial years.
6. Responding to a query as to how recommendations, particularly around valuations and bank reconciliations, are followed up and monitored, we were advised that recommendations from both internal and external auditors were added to the Council's risk management system and monitored regularly by the Corporate Governance Group, which comprised of members of the senior management team. In addition, responses and progress on agreed recommendations would also be reviewed as part of subsequent external audits.
7. Addressing concerns around property valuations, we were informed that a procurement exercise had been undertaken to procure a one year valuation service which will be in place for the 2023/2024 accounts. A cross-departmental working group had been established to deliver improvements to the whole valuation process in the future. Longer term, plans to undertake a joint procurement with South Ribble and Blackburn with Darwen for valuation services were being developed.
8. On cash and bank reconciliations, progress had been made over the last few years following a period of significant challenges. System upgrades and new

processes had been implemented that had impacted on the bank reconciliation process, but the implementation issues had now been addressed and resolved, and all of the accounts are reconciled and up-to-date.

9. To provide us with reassurance that issues that are identified in the external audits are being addressed, specifically in relation to weaknesses around IT controls and system security, we requested interim update reports to monitor progress in this area.
10. We were advised that the Public Sector Audit Appointments (PSAA) consultation had now concluded but as of yet, no further update had been provided on the proposed changes to external audit fees.
11. When asked, the external auditor confirmed that they were satisfied with the management responses to the recommendations within the report, noting progress made in some areas already and further reviews undertaken in subsequent audits. We noted the report.

### **Auditor's Annual Report 2022/23**

12. Grant Thornton presented this report and summarised the key findings of the Auditors Annual Report for 2022/2023.
13. The external auditor concluded that there had been significant weaknesses in the Council's arrangements relating to the onboarding and governance arrangements of contractors and their access to systems, and also with the procurement service. It was however, acknowledged that progress had been made in these areas. Our attention was also drawn to improvement recommendations included within the report, and that whilst these weren't deemed to be deficient, they were areas that could be strengthened. We noted the report.

### **Statement of Accounts 2022/23**

14. The Principal Financial Accountant presented this report which sought approval of amendments to the 2022/2023 Statement of Accounts following the completion of the external audit.
15. Much of the work had been completed, presented to committee and approved, but as agreed at the last meeting in November, the accounts would be brought back for further approval if there were any further amendments required that were deemed material to the financial position of the council.
16. The report highlighted these amendments covered changes around asset valuations, notably the categorisation of Astley Hall, and how the pension 'asset' is accounted for.
17. We resolved to approve the statement which had been amended during the completion of the external audit to include the adjustments as outlined within the report.

## **General Report of the Meeting Held on 13 March 2024**

### **Internal Audit Plan April- September 2024**

18. The Senior Auditor presented the report which sought approval of the proposed internal audit plan between April and September 2024.
19. The report outlined details of the planned work in this period, including the rationale for reviewing each area, resources to be allocated to each review and performance targets for the internal audit team.
20. Our attention was drawn to the update provided following a review into the council's physical security and environmental controls. Progress was being made with the implementation of agreed actions with a full update to be included within the annual report that will be presented at the next meeting in May 2024.
21. Further explanation of the satisfaction rating performance indicator was provided to members, with a survey carried out seeking feedback on different aspects of each review encompassing the scope, the professionalism of the internal audit team, timings and timescales and whether agreed actions mitigated identified risks. Members were pleased to note that current performance of this indicator was around 98% satisfaction.
22. In response to a query, we were assured that the internal audit team were adequately resourced to complete the proposed plan and that the number and breadth of the reviews to be undertaken would provide sufficient evidence for the Head of Audit and Risk to formulate their annual opinion.
23. We resolved that the Internal Audit Plan April- September 2024 and associated indicators be approved.

### **Key Contracts and Partnerships Framework Refresh**

24. The Director of Change and Delivery presented this report which highlighted changes to the Key Contracts and Partnerships Framework and sought our recommendation for its approval by the Executive Cabinet.
25. The framework sets out the process and criteria for identifying key contracts and partnerships and outlines the additional governance and monitoring arrangements that are implemented, linking in with the wider risk management system.
26. Changes in the refreshed framework centred around aligning processes with South Ribble through a shared document and the addition of criteria and governance checklists designed to support officers in monitoring key contracts and partnerships. Further work around reviewing current key contracts and partnerships against new criteria and reviewing other existing collaborative arrangements to identify whether they should be recategorized and receive additional scrutiny was also highlighted.
27. In response to a query, it was confirmed that the framework would be initiated at the procurement stage of any new contract or partnership arrangement if the

relevant criteria was met and additional monitoring was required. Furthermore, checks around the suitability and sustainability of contractors would be identified at the same stage.

28. We welcomed the offer of the outcomes of the review into other existing collaborative arrangements being presented at a future meeting.
29. We resolved to recommend the refreshed Key Contracts and Partnerships Framework be approved by the Executive Cabinet, subject to minor amendments to when the framework is initiated and when the suitability and sustainability of contractors is identified.

### **Social Media Protocol**

30. The Deputy Monitoring Officer presented the report and provided background with the Governance Committee identifying a need for a protocol around social media specifically for elected members. The draft document had been developed following discussions at previous meetings and through the establishment of a working group to review and direct its content. Approval of the draft social media protocol was sought, with a recommendation it be presented to Full Council for adoption.
31. We welcomed the new protocol document and approved proposed amendments suggested by the Committee's Independent Person around strengthening points around the risk of prosecution to individual members, highlighting defamation under the legal considerations section, rephrasing the sentence that referenced robust political debate and including more affirmative language in the 'do's and don'ts' section.
32. We also requested that the protocol be provided to election candidates as well as elected members.
33. We resolved that the Social Media Protocol be approved and recommended to Full Council for adoption, subject to several minor amendments discussed.

### **Recommendations**

34. To note the report.

Councillor Alan Platt

Chair of the Governance Committee

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