

**MINUTES OF GOVERNANCE COMMITTEE**

**MEETING DATE** Tuesday, 26 November 2019

**MEMBERS PRESENT:** Councillors Ian Watkinson (Chair), James Flannery (Vice-Chair), Christine Melia, Angela Turner, Damian Bretherton, Colin Clark and Margaret Smith

**OFFICERS:** Gary Hall (Interim Chief Executive), Dave Whelan (Legal Services Manager/Interim Monitoring Officer), Jane Blundell (Interim Section 151 Officer), Tony Furber (Principal Financial Accountant), Mark Heap, Coral Astbury (Democratic and Member Services Officer) and Darren Cranshaw (Assistant Director of Scrutiny & Democratic Services)

**EXTERNAL AUDITOR:** Mark Heap (Grant Thornton)

**OTHER MEMBERS AND OFFICERS:** Councillor Alan Ogilvie and Councillor Phil Smith

**15 Apologies for absence**

None.

**16 Declarations of Interest**

None.

**17 Minutes of meeting Tuesday, 24 September 2019 of Governance Committee**

That the minutes of the Governance Committee meeting held on Tuesday 24 September 2019 to be agreed as a correct signing for by Chair.

**18 Audit Plan Progress Report 2019/20 April - October 2019**

The Council's Internal Auditor presented a report of the Interim Head of Shared Assurance providing a progress report on the Audit Plan for 2019/20 from 1 April to 31 October 2019.

It was reported that 5 reviews were at draft report stage awaiting finalisation, a further 4 had commenced and 2 had been completed. The completed reviews were on performance management information with a limited assurance rating and review of the Improvement Reference Group / annual governance statement without an assurance rating. In order to ensure the audit plan is completed an additional auditor had been appointed.

Following a Member enquiry, the definition of limited assurance is that the Council

cannot place sufficient reliance on the controls in place, with substantive weaknesses. With regards the performance management review, further testing of the data was undertaken and found that 10 out of the 21 performance measures were wrongly reported, with 5 not having the source documentation. Management had put in place an action plan and a follow-up audit would be undertaken in 3 – 6 months' time.

Reference was made to the unplanned additional work undertaken of 21.5 days that hadn't been included in the audit plan previously presented to the Committee. It was explained that the unplanned work was driven by emerging issues identified as part of legacy issues and work on the Annual Governance Statement. Additional resources had been made available to complete the unplanned work, with the costs met from underspends elsewhere in Shared Services. Confirmation was provided that the detail of the unplanned work would be presented to the Committee at the appropriate time. The cost of the additional unplanned work was requested and would also be provided.

Reassurance was provided that the audit plan would be delivered as planned within the resources provided as long as no unforeseen issues arose.

Members felt it would be helpful to receive the reports from any future audit reviews that receive a limited assurance rating.

RESOLVED (Unanimously):

1. That the report be noted.
2. Detailed information on the unplanned work and costs involved would be provided to the Committee at the appropriate time.
3. Future audit review reports with limited assurance be provided to the Committee.

## **19 Audit Progress Report and Sector Update**

Mark Heap from the Council's External Auditor, Grant Thornton, presented the audit progress report and sector update.

It was reported that the 2018-2019 audit work was ongoing. Reference was made to Grant Thornton's review of fees in light of the increased complexity of local government financial transactions and financial reporting. Discussion would take place with the Council's Section 151 Officer including any proposed variations to the fees set by PSAA Limited before communicating with the Governance Committee.

Following a Member query, the External Auditor would look into whether the Council took part in CIPFA – Chief Financial Officer confidence survey.

A discussion took place on when the Annual Governance Statement would be presented to the Committee. It was reported that the Council would be able to finalise the Annual Governance Statement once current investigations into legacy issues were complete and this could be released to the External Auditor to conclude their work on the accounts.

The External Auditor confirmed that from their perspective good progress was being made on the audit with thanks to management and there was nothing to currently bring to the Committee's attention.

Following a query about the audit deliverables planned date including a 'to be confirmed', the External Auditor noted the comments and would ensure it is updated to include the relevant dates.

RESOLVED (Unanimously):

That the report be noted.

## **20 Treasury Management Activity Mid-year review 2019/20**

The Council's Principal Financial Accountant presented a report of the Interim Section 151 Officer on the treasury management activity mid-year review for 2019/20 to the end of September 2019.

It was reported that during the first six months of 2019/20 an average daily cash balance of £39.9M earned interest of £182K, a return of 0.91%. The investment balances at the end of September was £44.6M.

Reference was made to the Public Works Loan Board increasing their rate by 1% in the margin of its lending rates above gilt yield. It was appreciated that there were no implications to the Council's medium-term financial strategy, but something to be aware of for the future.

Following an enquiry about the term investment with Chorley Borough Council, it was confirmed that this was on standard commercial terms and not on a preferential basis.

In response to an enquiry about how the funds from the two term investments that had matured would now be invested, the Principal Financial Accountant undertook to circulate this information outside the meeting.

RESOLVED (Unanimously):

That the report be noted.

## **21 Constitution - Contract Procedure Rules**

The Council's Interim Monitoring Officer presented a report proposing amendments to the Council's constitution concerning contract procedure rules. The proposed changes had been considered at a meeting of the Governance Task Group on 14 October 2019.

A typographical error had been included in paragraph 23 of the contract procedure rules concerning standstill periods. The paragraph should read:

"23.1 Standstill Period (for high value only)" \ 1 For all contracts tendered under the Regulations, a ten calendar day (where electronic communication is used or 15 calendar days where non-electronic communication is used)

‘standstill period’ must be observed between the decision to award and contract conclusion. Although the Standstill period is counted in calendar days, it must end on a working day. Authorised Officers should consult the Shared Procurement Team for advice on the specific detail which must be included in Standstill Letters under the Regulations. The Standstill period is an express requirement in the Regulations and must be followed.”

Following queries concerning the transparency of authorised signatories to enter into contracts, it was acknowledged that this could be strengthened as part of the Committee’s next review of the scheme of delegation.

Reassurance was provided that relevant officers would be trained on the updated contract procedure rules. As part of preparing any contracts the Council enters into Brexit implications would be assessed by the Legal Services team.

RESOLVED (Unanimously):

That the amended contract procedure rules be agreed for submission to the next Full Council meeting for final approval.

Chair

Date