

Lancashire County Council

Audit, Risk and Governance Committee

**Minutes of the Meeting held on Monday 29th January 2024 at 2.00 pm in
Committee Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

Present:

County Councillor Alan Schofield (Chair)

County Councillors

J R Singleton JP	J Couperthwaite
N Aziz	J Shedwick
J Berry	D Westley
M Clifford	

County Councillor David Westley replaced County Councillor Charlie Edwards for this meeting.

1. Apologies

None.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

County Councillor Alan Schofield declared a non-pecuniary interest in Item 19 as a Non-Executive Director of Local Pensions Partnership Ltd.

3. Minutes of the Meeting held on 16 October 2023

Resolved: That the minutes of the Audit, Risk and Governance Committee meeting held on 16 October 2023 be confirmed as an accurate record, subject to resolution iii) of Item 9 being amended with the correct meeting date (29 January 2024).

4. Treasury Management Activity 2023/24

Mike Jensen, Director of Investment presented an overview of the council's treasury management activity for the period April to November 2023.

In response to questions from members it was clarified that:

- The difference between the adherence to the authorised/operational limits for debt on agenda page 14 and the liability benchmark on page 15 related to the difference in timeframe for these assessments.
- Further information on the difference in reported figures for debt held on behalf of other local authorities would be provided after the meeting.

Resolved: That the review of Treasury Management Activity 2023/24 be noted.

5. Treasury Management Strategy 2024/25

Mike Jensen, Director of Investment presented the proposed Treasury Management Strategy, Investment Strategy and Minimum Revenue Policy Statement for 2024/25.

It was highlighted that there were no significant changes to the strategies from the previous year.

In response to a question about succession planning, members were informed that other members of the Treasury Management team were involved in training to build their experience in managing the portfolios.

Resolved: That the Full Council be recommended to approve the Treasury Management Strategy, Investment Strategy and Minimum Revenue Policy Statement for 2024/25.

6. Significant Accounting Policies Used in the Preparation of the Council's Statement of Accounts 2023/24

Khadija Saeed, Head of Corporate Finance presented the accounting policies to be used in preparing the council's 2023/24 Statement of Accounts.

It was highlighted that there were no significant changes to the policies from the previous year.

Resolved: That the accounting policies to be used in preparing the council's 2023/24 Statement of Accounts be approved.

7. External Audit: Audit Progress Report and Sector Update

Stuart Basnett, Senior Audit Manager at Grant Thornton UK presented the Audit Progress Report and Sector Update as of January 2024.

It was noted that the external auditors had intended to present the county council Audit Findings Report at this meeting, but delays relating to the collection of audit evidence had resulted in the target completion date being pushed back to the end of March. The Audit Findings Report was therefore expected at the next committee meeting on 22 April 2024.



In response to a question about the audit delays, members were informed that most of the sector were awaiting audit opinions for 2022/23, so the county council was not unusual in that sense. The delays to this audit largely related to the volume of work arising from the audit of the new ledger. Conversations with officers at the council were ongoing in order to resolve the outstanding queries.

Resolved: That the Audit Progress Report and Sector Update for January 2024 be noted.

8. External Audit: Lancashire County Pension Fund Audit Findings Report 2022/23

Stuart Basnett, Senior Audit Manager at Grant Thornton UK presented the Lancashire County Pension Fund Audit Findings Report for 2022/23.

It was highlighted that:

- The Pension Fund's audit could not be formally signed off until the county council's audit was also finalised; however, the auditors expected at this stage to issue an unqualified opinion.
- The Pension Fund used the same IT systems and ledger as the county council, but due to the significantly lower number of transactions this audit had not been delayed to the same extent.
- The auditors had experienced notable delays in receiving requested information from Local Pensions Partnership Administration Ltd (LPPA), which had resulted in an additional fee.

In response to questions, members were informed that:

- The Audit Findings Report would also be presented to the council's Pension Fund Committee at its meeting on 8 March 2024.
- The new audit fees set by Public Sector Audit Appointments Ltd included an increase to account for unexpected work and delays. Those fees applied from the 2023/24 audit, hence why an additional fee had been applied this time.

Resolved: That the Lancashire County Pension Fund Audit Findings Report 2022/23 be noted.

9. Internal Audit Progress Report

Andy Dalecki, Head of Internal Audit presented an update on the Internal Audit Service's work and outcomes for 2023/24, for the period to 2 January 2024.

It was highlighted that a new approach had been implemented to request quarterly updates from Heads of Service and Directors, as appropriate, about outstanding management actions relating to previous years' audits.



In response to questions, members were informed that:

- Regarding the audit of school financial controls at Wellfield Academy, the council's accounting team worked with schools on deficit recovery, but responsibility lay with the school's headteacher and governing body. In the case of schools which became academies, their outstanding debt would remain with the county council and therefore it was in the council's interest to work closely with the schools to achieve a sustainable position.
- It would be necessary to carry over some work from the 2023/24 audit plan into the next financial year, but it would be completed in Quarter 1 of 2024/25 and therefore contribute towards the overall opinion for 2023/24.
- Although some management actions from audits completed in 2021/22 were still outstanding, it was not currently necessary to invite the relevant Heads of Service to a committee meeting for more information. The committee's support was welcomed and members' concern would be shared with the relevant management teams.

Resolved: That the Internal Audit Progress Report be noted.

10. Governance Risk and Resilience Framework Review

Heloise MacAndrew, Director of Law and Governance presented the findings from the council's assessment of governance risks, which had been carried out against the Centre for Governance and Scrutiny's Risk and Resilience Framework.

It was noted that the completion dates for Action 1 and Action 5 in the report should have been March 2024 and January 2024 respectively.

In relation to concern about Cabinet decisions being announced prior to Cabinet meetings, members were informed that additional training had been put in place to respond to this issue.

Resolved: That

- i) The actions set out at Appendix 'A' be approved; and
- ii) Approval be given to conduct another Governance Risk and Resilience Framework review exercise in late 2025 or early 2026, following the next county council elections.

11. Code of Conduct - Annual Report of Complaints

Josh Mynott, Democratic and Member Services Manager presented a summary of all complaints received against county councillors under the Code of Conduct in 2023.

It was highlighted that:



- The low number of complaints reflected the high standard of county councillors' conduct.
- In response to some complaints relating to data protection, work had been undertaken to update and promote online information governance training for councillors.
- There were no concerning patterns relating to complaints against county councillors, and in most cases the subject councillors were quick to apologise.

Resolved: That the summary of complaints received in 2023 be noted.

12. Local Member Grants Scheme - Update Report

Josh Mynott, Democratic and Member Services Manager presented an update on the outcomes of the Local Member Grants Scheme monitoring activity carried out by Democratic Services, for the period January 2022 to June 2023.

It was highlighted that:

- The number of outstanding responses for grants awarded in 2022/23 had halved since the last report to the committee in October 2023.
- Following the committee's previous recommendation, the appropriate councillors were now informed when an organisation did not respond to Democratic Services' requests for evidence of expenditure and when they reapplied for a new grant.

It was requested that the annual report, due to be presented at the committee meeting on 22 April 2024, include year-end totals for the number and amount of grants awarded and any remaining funding allocated to care leavers.

Resolved: That the Local Member Grants Scheme - Update Report for January 2022 to June 2023 be noted.

13. Corporate Risk and Opportunity Register - Quarter 4 Update

Heloise MacAndrew, Director of Law and Governance presented the updated Corporate Risk and Opportunity Register for Quarter 4 of 2023/24.

It was noted that four risk entries contained exempt information and were included in Part II of the agenda.

In response to queries from members, it was noted that information on the following would be provided after the meeting:

- The direction of travel for CORP5 (school places);



- The availability of data for CORP 10 (mental health beds) prior to Quarter 2 of 2023/24; and
- A key for the blue-coloured ratings for the opportunities included on the risk register.

It was commented that progress in relation to CORP 1 (financial sustainability) was heavily dependent on the delivery of circa £80m of savings targets. Members were informed that the finance team met regularly with each directorate, to hold directors accountable for the savings agreed for their areas and to identify other opportunities for savings. The Cabinet and the Scrutiny Management Board also received quarterly reports on the council's financial position.

Resolved: That the updated Corporate Risk and Opportunity Register be approved.

14. Urgent Business

None.

15. Date of Next Meeting

It was noted that the next meeting of the Audit, Risk and Governance Committee would be held on Monday 22 April 2024 at 2.00 pm at County Hall, Preston.

16. Exclusion of Press and Public

Resolved: That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information, as defined in the appropriate paragraph of Part I of Schedule 12A to the Local Government Act 1972.

It was considered that in all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

17. Appendix 'C' to Item 13

(Not for Publication – Exempt information as defined in Paragraphs 3 and 7 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

The committee considered the private and confidential Appendix C to Item 13 – Corporate Risk and Opportunity Register – Quarter 4 Update.

Resolved: That Appendix C to Item 13 – Corporate Risk and Opportunity Register – Quarter 4 Update, be noted.



18. Appendix 'E' to Item 9

(Not for Publication – Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

The committee considered the private and confidential Appendix E to Item 9 – Internal Audit Progress Report.

It was requested that an update on work relating to this internal audit summary be provided at the next meeting.

Resolved: That Appendix E to Item 9 – Internal Audit Progress Report, be noted.

19. Local Pensions Partnership Investment Ltd – Internal Audit Summaries

(Not for Publication – Exempt information as defined in Paragraphs 3 and 7 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

Andy Dalecki, Head of Internal Audit presented a private and confidential summary of Local Pensions Partnership Investment Ltd's internal audits for 2022/23, which had not been available at the time of writing the Internal Audit Annual Report for 2022/23.

Resolved: That the internal audit summaries for Local Pensions Partnership Investment Ltd be noted.

20. Counter Financial Crime, Investigations and Whistleblowing Update Report

(Not for Publication – Exempt information as defined in Paragraphs 2, 3 and 7 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

Peter Walker, Investigations Manager and Deputy Money Laundering Reporting Officer presented a private and confidential update on the counter financial crime, investigations and whistleblowing work so far in 2023/24.

Resolved: That the Counter Financial Crime, Investigations and Whistleblowing Update Report be noted.

21. Cyber Security Risk Update

(Not for Publication – Exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).



Carol Groom, Head of ICT Strategy and Assurance and Peter Lloyd, Director of Digital presented a private and confidential update on cyber security across the council.

It was commented that awareness amongst councillors about cyber security issues was low and therefore it was requested that increased training and information be made available for members.

It was noted that the updated information governance training for councillors covered cyber security-related topics and a reminder to all councillors to complete the online training would be shared after the meeting.

Resolved: That

- i) The Cyber Security Risk Update be noted; and
- ii) A further report on cyber security risks be provided in 12 months' time, at the Audit, Risk and Governance Committee meeting on 27 January 2025.

22. Update on the Overpayment of Salaries

(Not for Publication – Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

Neil Kissock, Director of Finance presented a private and confidential report which provided the requested twice-yearly update on the overpayment of salaries.

It was requested that additional information on the council's legal position when recovering overpayments be provided after the meeting.

Resolved: That the report on the overpayment of salaries be noted.

H MacAndrew
Director of Law and Governance

County Hall
Preston

