

## **Lancashire County Council**

### **Audit and Governance Committee**

**Minutes of the Meeting held on Monday, 25th January, 2016 at 3.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

#### **Present:**

County Councillor Terry Brown (Chair)

#### **County Councillors**

K Brown	A Schofield
D Clifford	V Taylor
C Pritchard	D Whipp
S Holgate	

County Councillors David Whipp and Steve Holgate attended in place of County Councillors Bill Winlow and Cynthia Dereli for this meeting only.

#### **Officers in attendance**

Ian Young - Director of Governance, Finance and Public Services  
Damon Lawrenson - Interim Director of Financial Resources  
Mike Jensen - Chief Investment Officer  
Ruth Lowry - Head of Service, Internal Audit  
Karen Murray - Director, Grant Thornton  
Caroline Stead - Grant Thornton  
Rachel Tanner - Head of Service, Procurement  
Debbie Bonser - Information Governance Manager  
Chris Mather - Democratic Services Manager

#### **1. Apologies**

None.

#### **2. Disclosure of Pecuniary and Non-Pecuniary Interests**

None declared.

#### **3. Minutes of the Meeting held on 28 September 2015**

The minutes of the meeting held on 28 September 2015 were presented and agreed.

**Resolved:** That the Minutes of the meeting held on 28 September 2015 be confirmed and signed by the Chair.

#### **4. Accounts of Lancashire County Developments Limited 2014/15**

Damon Lawrenson, Interim Director of Financial Resources, presented a report which set out the financial statements of Lancashire County Developments Limited (LCDL) for 2014/15. LCDL was legally required to have its financial records audited annually and the appointed auditors were Grant Thornton Chartered Accountants.

**Resolved:** That the 2014/15 Statement of Accounts for Lancashire County Developments Limited be noted.

#### **5. Update on Treasury Management Activity**

Mike Jensen, Chief Investment Officer, presented an update report on a review of Treasury Management activities in 2015/16. Management activities were regulated by the CIPFA Code of Practice and it was best practice to review treasury management activities on a regular basis.

This review included:

- A review of the economic conditions during 2015/16
- Borrowing activity
- Investment activity
- Actual results measured against 2015/16 Prudential indicators and Treasury Management Indicators

The Committee was informed that the detail within the report related to a period of limited market activity between 1 September and 30 November 2015. Since then, however, the markets had been very volatile and much of the information in the report had been superseded. A brief summary of recent market activity was given and a more detailed report would be presented to the next meeting.

**Resolved:** That the review of treasury management activities in 2015/16 for the period 1 September to 30 November 2015 be noted.

#### **6. Information Governance - update**

Debbie Bonser, Information Governance Manager, presented a progress report on Information Governance arrangements within the County Council.

The Committee was informed since the last information governance update to this committee, on 30 June 2015, good progress had been made in the provision of information governance services to the Council. The Information Commissioner's Office (ICO) returned in October 2015 and praised the Council for their significant progress in all 3 ICO audit scope areas (Governance, Training and Subject Access requests).

Areas singled out for praise included:

- The creation of a draft Corporate Risk Register showing all high level risks and opportunities faced by the Council;
- The introduction of an information risk management group identifying high level information risks and opportunities and creating mitigating (or maximising) actions before pushing them to the Corporate Risk Register;
- The introduction of a Privacy Impact Assessment Policy which included a methodology to identify, assess and mitigate privacy risks at the start of all new projects; and
- The provision of secure email and remote access for social workers screening subject access requests prior to disclosure.

It was reported that the ICO audit process had been completed and all possible civil monetary penalties in lieu of security breaches at the Council had been cancelled.

The Committee's attention was also drawn to:

- The measures taken to raise awareness of information governance across the Council and to realign information governance work areas with ICO recommendations;
- The development of an electronic system to approve sharing between organisations and promote the rapid adoption of information sharing across the public sector;
- The Council's attainment of a high score of 94% against the NHS Information Governance Toolkit. It was noted that this was one of the highest scores on the toolkit; and
- A number of security incidents since the last update report. It was noted that none of the incidents were serious enough to be reported to the Information Commissioners Office and the measures taken to mitigate these incidents were explained.

Members welcomed the report and in particular the progress being made to develop robust arrangements to secure information properly.

**Resolved:** That the progress made on Information Governance arrangements within the County Council, as set out in the report now presented, be noted.

## **7. External Audit - Annual Audit Letter**

Karen Murray, Director for Grant Thornton, presented the report on the External Audit's Annual Audit Letter. The Annual Audit Letter summarised the outcome of External Audit's work in 2014/15. It included the key messages in relation to the financial statements audit and audit opinion, the Value for Money conclusion, and Audit fee.

**Resolved:** That the External Auditor's Annual Audit Letter for 2014/15, as now presented, be noted.

## **8. External Audit - Audit Update**

Karen Murray, Director for Grant Thornton, presented the External Audit update report to the Committee. The report included progress to date with the 2015/16 audit of accounts, Value for Money (VfM) conclusion and other work. It was noted that the outcome of External Audit's work would be reported to the Committee throughout the year.

The report also provided additional information on sector developments to the members of the Audit and Governance Committee as those charged with governance for the County Council.

**Resolved:** The External Audit update report as now presented be noted.

## **9. Strategic Internal Audit Plan: 2015/16, 2016/17 and Beyond**

Ruth Lowry, Head of Service, Internal Audit, presented a report which explained the approach to establishing a strategic plan of work to be undertaken by the County Council's Internal Audit Service for 2015/16, 2016/17 and beyond.

The Committee had previously been informed that the Internal Audit Service would not complete a risk-based programme of work to support an overall opinion on the Council's framework of governance, risk management and control for 2015/16 but would focus its assurance work on the council's centrally managed key financial systems, as set out at Appendix 'A'. Details of the audit work around governance, risk management and control for 2016/17 and other areas of work which may be added to the plan during 2016 and 2017, or could be considered for inclusion in the following years' plan were also presented at Appendix 'A'.

A suggestion was made that the plan should include work on the Council's road safety service. A view was also expressed that work around Public Health and Wellbeing Services should be a high priority to be followed by work around children's and adult's services. It was noted that the plan would need to be flexible and that further work would be necessary to scope and timetable the planned audit work during 2016 and beyond. Members were invited to suggest other areas of work that could be considered for inclusion in the plan.

It was confirmed that that details of any significant amendments to the plan would be presented to the Committee for consideration.

**Resolved:** That the strategic internal audit plan, as now presented, be approved.

## **10. Risk and Opportunity Register**

Ian Young, Director of Governance, Finance and Public Services, presented a report on the development of a Risk and Opportunity Register.

At its meeting on 28 September 2015 the Committee had received an update report in relation to a number of key issues that had started to emerge in 2014/15 which were also relevant to the External Auditor's Value for Money conclusion. The report highlighted that whilst risk management happened 'in practice', there was a need for the Council to embed a systematic approach to identifying strategic risks and opportunities. It was therefore reported that a proposed corporate approach to reporting in relation to these issues was being developed and would be provided to the Committee for consultation.

The report now presented set out the proposed approach (Appendix 'B') and included at Appendix 'A', a draft Risk and Opportunity Register for the Committee's consideration. Members were invited to suggest other areas for inclusion on the Register.

It was noted that the Register would be regularly updated and presented to Management Team, as well as to the Cabinet Committee on Performance Improvement and to the Audit and Governance Committee in accordance with the timetable provided.

**Resolved:**

- (i) That the draft Risk and Opportunity Register, as set out at Appendix 'A', be noted.
- (ii) That the proposed approach to reporting on risk and opportunities, as set out at Appendix 'B', be endorsed.

**11. The Procurement Service Update Report**

Rachel Tanner, Head of Service Procurement, presented an update report on the performance of the Procurement Service, including progress made to date in implementing the Procurement Service improvement plan, the development of a performance dashboard, the current performance of the service against the key performance indicators aligned to the procurement strategy, and the support given to suppliers.

Officers agreed to include details of contract awards to suppliers based outside the North West on the performance dashboard.

**Resolved:** That the update report on the performance of the Procurement Service, as now presented, be noted.

**12. Urgent Business**

There was no urgent business.

**13. Date of Next Meeting**

It was noted that the next meeting of the Committee be held on Monday 4 April 2016 at 2:00pm at County Hall, Preston.

I Young  
Director of Governance, Finance  
and Public Services

County Hall  
Preston