

## **Lancashire County Council**

### **Audit and Governance Committee**

**Minutes of the Meeting held on Monday, 30th January, 2017 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

#### **Present:**

County Councillor Terry Brown (Chair)

#### **County Councillors**

K Brown	A Schofield
C Dereli	V Taylor
B Dawson	B Winlow
M Green	

#### **1. Apologies**

Chair welcomed members and apologies were noted from County Councillor Darren Clifford, County Councillor Michael Green replaced County Councillor Geoff Driver and County Councillor Bernard Dawson replaced County Councillor Clare Pritchard.

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

There were no declarations of interest at this time.

#### **3. Minutes of the Meeting held on 26 September 2016**

Updates were provided to the Committee on the following items from the meeting held on 26 September 2016:

##### **Item 5 Liquid Logic System update**

It was originally resolved that a further update would be provided for this meeting, however members were informed that the work around adults was in the process of being scoped and developed and would be presented to the next meeting of this Committee.

##### **Item 10 External Audit - Lancashire County Council Audit Findings Report 2015/16**

It was confirmed that no provision existed under the Code of Conduct or the Members Allowance Scheme to impose financial sanctions on Councillors who fail to complete their related party disclosure declarations and it was not considered that the underpinning legislation allowed the Council to introduce such provisions.

## **Item 11 Approval of the County Council's Statement of Accounts 2015/16**

It was confirmed that management structure in the 'Narrative' to the report had been expanded and the list of acronyms in the 'Glossary' had been updated.

### **Resolved:**

- i. That the minutes of the meeting held on the 26 September 2016 be confirmed and signed by the Chair.
- ii. A Liquid Logic report on the scope and timescales would be provided for the next meeting of the Committee on the 3 April 2017.

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

Mike Jensen, Lead Officer, presented the update report on the Treasury Management activity from August to November 2016.

Members were advised that this was a quiet period for the markets.

Members queried the cut in interest rates as discussed at the last meeting and it was reported that there was an expectation that there would potentially still be a further cut, perhaps towards the end of the year. It was anticipated that the portfolio would remain to be well balanced.

A query was raised around property investment and it was confirmed there were none in the treasury mandate as the principle responsibility is to manage instant and immediate liquidity. It was confirmed that a number of other councils have done so but members were advised that there remains a need to be cautious, in relation to the liquidity it could guarantee, but could be acceptable in another fund such as the Pension Fund.

Members were advised that the agreement with the Local Pension Partnership around the continuation of Treasury Management activity was currently with the respective lawyers to finalise the negotiated deal as originally envisaged.

**Resolved:** That the review of Treasury Management activities for the period August to November 2016 be noted.

## **5. Financial Regulations**

Khadija Saeed, Head of Service Corporate Finance, presented the report on the revised Financial Regulations.

Members were advised that the Financial Regulations have now been updated which included the replacement of out of date references, job titles and financial limit increases. In addition guidance notes to support training and implementation has been referenced (but not included) within the regulations.

Members queried the increase in limits in respect of the capital post-completion statement from £70k to £1m and it was confirmed that this was to ensure that it was reflective of the current scale of capital projects.

It was also confirmed that in relation to capital projects, the two year deadline for the production of the statement following completion was a required timescale.

**Resolved:** That the proposed revisions to the Financial Regulations be considered and agreed to be submitted to Full Council on the 23 February 2017 for approval.

## **6. Update on the Measurement of the Highways Network Asset**

Khadija Saeed, Head of Service Corporate Finance, provided an update to the Committee on the measurement of the County Council's Highways Network Asset (HNA). It was reported that the CIPFA/LASAAC Local Authority Accounting Code Board, in November 2016, has taken the decision to defer implementation for the 2016/17 financial year which would be reviewed in March 2017 with a view to implementation in 2017/18.

Members were advised that there were no specific costs to this exercise as it was work scheduled to be completed as part of the core systems development work to update all the relevant information held. In addition, it was confirmed that this was a new requirement and the risks identified would be in relation to the quality of the Financial Statement of Accounts should this not be completed.

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

## **7. Risk & Opportunity Register Quarter 3**

Paul Bond, Head of Legal and Democratic Services, presented an updated Risk and Opportunity Register for Quarter 3 to the Committee.

It was reported that there were no additions or deletions to the register and no scores have changed. The update had been reported to the Cabinet Committee for Performance Improvement on the 5 December 2016.

A query was raised in relation to CR2 in the report and it was confirmed that the report on the future delivery model has yet to be completed as there were ongoing discussions with NHS representatives who felt there were some issues with the health organisations involved which needed to be addressed, but the intention was that it would go ahead.

In relation to CR12 it was confirmed that there was no update at this time on Liquid Logic and will be brought to the next meeting of this Committee.

**Resolved:**

- i. That the updated Risk and Opportunity Register be noted.
- ii. The date shown under CR2 in the report (mitigating actions) be amended to a future meeting date.

## **8. Internal audit progress report**

Ruth Lowry, Head of Internal Audit, presented the report to the Committee on the Internal Audit Service progress for the period to mid December 2016.

Amendments to the audit plan (as outlined in the report) were highlighted to members. In relation to the Internal Audit Services resources, it was confirmed that subject to references, a new Audit Manager would be in place for the beginning of April.

Work was reported to be progressing around the undertaking of IT audits and working closely with BTLS on this.

Members raised a query in relation to data protection and managing the risks related to this area of work. It was confirmed that the remit around this sits with the Information Governance team.

In relation to the Public Sector Network compliance, it was confirmed that this would be included as part of a regular programme of work.

In relation to the business processes: financial processes system (limited assurance), members were assured that the finance team were currently working on this and progress was ongoing. This would be updated in the next year's audit plan.

In relation to service delivery: adult services (limited assurance), members raised concerns around the information provided particularly around case supervision and the lack of responses to the request for sample supervision documentation. Members were informed that the service recognised the issues outlined and the information given in the report has been highlighted to the Corporate Director for Operations and Delivery. It was confirmed that pilot projects were in place to support working practices and processes to address some of the issues highlighted.

### **Resolved:**

- i. That the Internal Audit Service progress report for the period to mid December 2016 be considered and noted.
- ii. That the Corporate Director for Operations and Delivery be requested to attend the Scrutiny Committee to provide an update on the issues highlighted in the audit relating to case management in Adult Services.

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

Karen Murray, Director, Grant Thornton, presented the Annual Audit letter to the Committee summarising the outcome of the work in 2015/16. The report was confirmed to include the key messages in relation to the financial statements audit and audit opinion and Value for Money (VfM) conclusion. In addition, there were reported to be minor amendments in relation to the Ofsted position.

**Resolved:** That the Annual Audit letter be noted.

**10. External Audit - Audit Update**

Karen Murray, Director, Grant Thornton, presented the External Audit update report to the Committee which included progress to date with the 2016/17 audit of the accounts, Value for Money conclusion and other work. It was confirmed that work has commenced around early planning and early field work and the audit plan will come to the April meeting of this Committee.

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

**11. Urgent Business**

There were no items of urgent business.

**12. Date of Next Meeting**

The next meeting of the Committee will be held on 3 April 2017 at 2pm, Cabinet Room B at County Hall, Preston.

I Young  
Director of Governance, Finance  
and Public Services

County Hall  
Preston