

Lancashire County Council

Audit and Governance Committee

Minutes of the Meeting held on Monday, 31st July, 2017 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present:

County Councillor Alan Schofield (Chair)

County Councillors

E Nash	E Lewis
P Williamson	J Shedwick
J Berry	C Wakeford

1. Apologies

Members noted that there were no apologies but CC Wakeford attended instead of CC Vincent.

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 June 2017

Resolved: - That the minutes of the meeting held on the 26th June 2017 be confirmed and signed by the Chair.

4. Approval of the Council's Statement of Accounts 2016/17

Khadija Saeed presented the Council's Statement of Accounts 2016/17 to members as the committee has delegated authority to approve the accounts prior to publication on 30th September 2017. The Statement of Accounts had been prepared in accordance with the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The style and format of the accounts complied with CIPFA standards however, the content had been reviewed and refreshed to make the accounts easier to understand. The report summarised the key components of the accounts and set out a revised timetable for the following year.

As a consequence of External Auditor recommendations, written amendments to note 30 on cash flows from operating activities and section 14 on the pension fund accounts were presented to the committee.

It was further explained that the councils out turn report will be presented to cabinet on 10th August 2017 and that any subsequent amendments will need to be incorporated into the statement of accounts 2016/17.

Resolved: - That;

- (i) Any subsequent amendments as a result of the councils out turn report should be completed by the Director of Financial Resources following consultation with the Chair and Deputy Chair.
- (ii) The Lancashire County Council Statement of Accounts for 2016/17 be approved and signed by the Chair of the Committee.

5. Approval of the County Council and County Pension Fund Letters of Representation 2016/17

A report was presented on the County Council's Management Representation Letter at Appendix 'A' and that for the Lancashire County Pension Fund at Appendix 'B' to the report.

The committee was informed that the Management Representation Letters should be made available to the external auditors (as part of the audit evidence) before the audit report was issued.

It was noted that the Management Representation Letters would be signed on behalf of the Lancashire County Council and the Lancashire County Pension Fund by the Council's S. 151 Officer and the Chair of the Audit and Governance Committee and the Committee was asked to approve them.

Resolved: - That the management representation letters, as set out at Appendices 'A' and 'B', to the report now presented be approved and duly signed.

6. External Auditor's Annual Audit Findings for Lancashire County Council 2016/17

A report was presented by Karen Murray, external auditor, on the overall findings of the external auditor in relation to the audit of the annual accounts of Lancashire County Council, their proposed opinion on those accounts, and conclusion on the council's value for money arrangements. The external auditor thanked the Council's finance team and other staff for the level of support and assistance provided during the audit.

In commenting on the county council's accounts, Karen Murray, external auditor, informed the committee that the draft accounts were, overall, prepared to a good standard. However, one misstatement had been identified within the accounts and it had been discussed with the Director of Financial Resources and the accounts amended. The key messages arising from the audit included:

- The council had delivered draft accounts ahead of its internal deadline of 31st May 2017

- Work had been undertaken on the layout to make them more understandable and the clarity of supporting material had been improved

The report also included the value for money conclusion. The opinion given in the report confirmed that the council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Resolved: - That;

- (i) The external audit findings report covering the audit of the County Council for year ended 31 March 2017 be noted.
- (ii) The adjustments to the financial statements and the other issues raised by the external auditor, as set out in the report presented, be noted.

7. External Audit - Lancashire County Council Pension Fund Audit Findings Report 2016/17

A report was presented on the audit findings in relation to the accounts of the Lancashire County Pension Fund.

In commenting on the Lancashire County Pension Fund account, Karen Murray, external auditor, informed the committee that the audit work had not identified any material adjustments affecting the Fund's reported financial position. However, a number of minor adjustments had been made to improve the presentation of the financial statements. It was also reported that sample testing of journal controls and entries had been completed.

It was reported that the pension fund's financial statements gave a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and the amount and disposition of the fund's assets and liabilities.

The external auditor thanked Council officers for their support during the audit.

Resolved: - That the external audit findings report covering the audit of the Lancashire County Pension Fund for year ended 31 March 2017 be noted.

8. External auditor appointment process

Neil Kissock, Director of Financial Resources presented a report on the process for the appointment of an external auditor. Previously, full council had agreed to opt into an approved sector led body approach to appointing its external auditor for the five years commencing 1st April 2018. This allowed Public Sector Audit Appointments Limited (PSAA) to act as the appointing person for the county council. The council has to secure an external auditor by December 2017.

As part of the process, PSAA will start consulting audited bodies on proposed appointments in August 2017. The consultation period is five weeks. Where a body accepts the proposed appointment no further action is needed. If the body does not accept the appointment it has the opportunity to make further

representations. In this instance, the Chair of the committee will advise members accordingly.

Resolved: - That the Director of Financial Resources in consultation with the Chair of the Committee is authorised to respond to the PSAA's consultation on the proposed appointment of an external auditor for the council, and subsequent consultations as necessary.

9. Actions to enhance the Committee's effectiveness as an element of the Council's Governance Framework

Ruth Lowry presented the report on the effectiveness of the committee following an Internal Audit Service assessment. As a first step it was proposed that the committee consider amending its terms of reference and approve the actions set out in the report to support its own operation.

In the context of the proposed terms of reference, the committee discussed its role in relation to risk, treasury management and standards.

Resolved: - That:

- (i) The revised terms of reference, including the change of name to the Audit, Risk and Governance Committee are approved and submitted to the next full council for approval.
- (ii) The actions set out in the report at Appendix B are approved.
- (iii) The Committee receive a report on the current standards regime at its next meeting in September.

10. Urgent Business

There were no items of urgent business.

11. Dates of Future Meetings

It was noted that the next meeting of the Committee would be held on 25th September 2017 at 2pm, Cabinet Room B, County Hall, Preston.

I Young
Director of Governance, Finance
and Public Services

County Hall
Preston