

Lancashire County Council

Audit and Governance Committee

Minutes of the Meeting held on Monday, 25th September, 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	J Berry
P Williamson	M Parkinson
A Vincent	J Mein

1. Apologies

Apologies were received from County Councillor John Shedwick.

County Councillor Jennifer Mein replaced County Councillor Erica Lewis for this meeting.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

3. Minutes of the Meeting held on 31st July 2017

In respect of item 8, "External Auditor Appointment Process", (page 3 of the minutes refer), the Chair reported that he had been consulted on the appointment and had raised no objection.

Reference was made to the suggestion at the meeting, during discussion of item 9, "Actions to enhance the Committee's effectiveness as an element of the Council's Governance Framework" (page 4 of the minutes refer), that the Terms of Reference should also include provision for the Chair to approve any urgent business outside of the cycle of meetings. The Director of Governance, Finance and Public Services reported that, rather than create a bespoke mechanism for decisions to be taken that could not await the next scheduled meeting of the Committee, it was considered to be more appropriate for any such business to be dealt with under the County Council's existing Urgent Business Procedure, whereby the Chief Executive, or another Director, could take any urgent decision in consultation with the Chair. Such action would then be reported to the next Committee meeting.

Resolved: - That the minutes of the meeting held on 31 July 2017 as presented be approved as a true and accurate record and be signed by the Chair.

4. The Annual Audit Letter for Lancashire County Council and Lancashire County Pension Fund 2016/17

The Committee considered a report setting out the Annual Audit Letter for the County Council and the Lancashire County Pension Fund for 2016/17.

It was reported that the Annual Audit Letter confirmed the actions that had been undertaken by Grant Thornton, the County Council's external auditors, together with the key messages in relation to the financial statements audit and audit opinion, and the Value for Money conclusion.

The Committee considered that the wording of a number of statements in the 'Findings and Conclusions' column of the Audit Letter should be made clearer, e.g. the reference to the Council's arrangements for working effectively with third parties. This would be taken forward by the External Auditor.

Resolved: - That the report be noted.

5. Treasury Management Activity 2017/18

The Committee considered a report setting out details of the County Council's treasury management activity for the period April - July 2017. The report set out details of the economic conditions during the period; borrowing activity; investment activity; and actual results measured against the 2017/18 Prudential Indicators.

Reference was made to the decision, taken under the County Council's Urgent Business Procedure, to create a new post of Director of Investment who would report to the Director of Financial Resources and would present future reports to the Committee on treasury management activity. The establishment of the new post followed a review of resources including the level and type of support provided by the Local Pensions Partnership Ltd (LPPL) under a contracted arrangement. It was proposed that the Committee would have oversight of any decisions that the Director of Financial Resources might take for the investment of up to £15m in individual funds, with the £15m cap being an appropriate medium range figure. Investments in excess of £15m would require approval from Cabinet.

Officers were requested to provide more detail on the Public Finance Initiative (PFI) liability detailed on page 35 of the report including, in particular, whether the liability was reducing.

Resolved: - That:

- (i) The treasury management activities for the period April to July 2017 as set out in the report be noted;
- (ii) The changes to the Council's treasury management resource as set out in the report be noted;

- (iii) The process for fund selection, as set out in the report, including decisions for funds of up to £15m to be made by the Director of Financial Resources, be approved;
- (iv) The changes, as set out in the report relating to IFRS 9 that are to be implemented from 1 April 2018, be noted.

6. Health, Safety and Resilience Service Overview and Risk Register

The Committee considered a report setting out an overview of the County Council's Health, Safety and Resilience Service.

Appendix 'A' to the report 'Preparing for Emergencies in Lancashire' was the culmination of work with the County Council's partners, (e.g. the NHS, Police, Fire and Rescue, and other local authorities), in the Lancashire Resilience Forum and identified the risks and how they would be dealt with.

Reference was made to building up community resilience including the use of e-mail and text alerts to provide warnings and updates. It was noted that communication was key when dealing with incidents such as flooding and it was suggested that initiatives such as mobile apps should be further developed to support this.

The Committee's attention was drawn to the 'In The Know' website, an online, secure, two-way community messaging service available to the public, neighbourhood watch schemes and resilient community groups for notifications regarding severe weather, crime and community safety issues, and also alerts in specific areas. It was noted that information was also available regarding the arrangements in place within Lancashire on how the County Council and partner agencies prepared for, and responded to, emergencies. In addition, risk information could be accessed through the 'Preparing for Emergencies' booklet which provided advice relating to the top risks in Lancashire and what individuals could do to protect themselves, their family, their home and their businesses.

Appendix 'B' to the report set out details of the training available to Councillors and it was agreed that this should be further promoted via the Member Development Steering Group and should also be highlighted in reporting the proceedings of the Committee to Full Council.

Resolved: - That:

- (i) The report be noted;
- (ii) That the take-up of places on Councillor training be supported and promoted as set out above;
- (iii) That members of the Committee promote the use of the 'In The Know' website to the public as and when opportunities to do so arise.

7. Internal Audit Progress Report

The Committee considered a report setting out details of the work undertaken by the Internal Audit Service against the Audit Plan for 2017/18 which had been approved by the Committee at its meeting on 26 June 2017.

It was noted that the Audit Plan set out a framework for the reports which the Committee would receive during the course of 2017/18 and the outcomes of a number of audits would be reported to the Committee in January 2018.

The Committee's attention was drawn to the likelihood that only limited assurance would be given for 2017/18 given a number of factors as set out in paragraph 2.2 of the report.

It was noted that the Internal Audit Service would be subject to an external quality assessment in November and that the Chair of the Committee would be meeting with the external assessor as part of that process. It was expected that the results of the assessment would be reported to the Committee in January 2018.

Resolved: - That the report be noted.

8. Standards and the Code of Conduct

The Committee considered a report setting out details of the County Council's Code of Conduct, together with the legislative context, the process for dealing with complaints and the sanctions available to the Conduct Committee. The current Code was approved by the Full Council in May 2012 in accordance with the provisions of the Localism Act 2011 and replaced the previous, more prescriptive, standards regime.

It was reported that on 18 September 2017 the Department for Communities and Local Government (DCLG) had published a consultation 'Disqualification Criteria for Councillors and Mayors' proposing to introduce additional criteria for disqualification. As the closing date for responses was 8 December 2017, in advance of the next meeting of the Committee, it was proposed to circulate the consultation document by e-mail and that Committee Members be requested to submit any comments to the Director of Governance, Finance and Public Services so that a response could be drafted and approved under the County Council's Urgent Business Procedure for submission.

The Committee discussed ways in which Councillors could be encouraged to undertake training and awareness on conduct matters and it was felt that the County Council should promote greater awareness of conduct issues and that the issue should also be highlighted in reporting the proceedings of the Committee to Full Council.

Resolved: - That:

- (i) The report be noted;

- (ii) The proposals for responding to the DCLG consultation 'Disqualification Criteria for Councillors and Mayors' be noted.

9. Risk and Opportunity Register Quarter 2

The Committee considered a report setting out details of an updated (Quarter 2) Risk and Opportunity Register for the Committee's consideration. The report, which had previously been considered by the Cabinet Committee on Performance Improvement, highlighted three new entries to the register (CR29 (Delayed Transfer of Care); CR30 (Prevent people being drawn into terrorist activity); and CO5 (Apprenticeship levy)), together with one deletion (CO3 (Opportunities through delivering the draft corporate strategy and property strategy)).

Reference was made to the links between the corporate Risk and Opportunity Register and the Health, Safety and Resilience Service Risk Register and the Committee was updated on a number of entries in the corporate register where the residual risk score remained 12 or above. These included CO1 (Establishing a new model for public service delivery in Lancashire) and CR30 (Prevent - people being drawn into terrorist activity). In respect of CR30, reference was made to online training for staff and officers were asked to confirm if the training was also available to Councillors.

Resolved: - That:

- (i) The report be noted;
- (ii) Officers report back on those issues identified above.

10. Update on Overpayment of Salaries

The Committee considered a report setting out an update on the overpayment of salaries to individuals who were no longer employees of the County Council and which had previously been identified by the Internal Audit Service as part of an audit of payroll.

It was noted that the value of overpayments, together with the average amount, had reduced significantly and that steps to further reduce the instances of overpayments were being undertaken.

However, the Committee requested a further report at its next meeting providing further details of the overpayments including the age profile and overpayments by service area.

Resolved: - That:

- (i) The report be noted;
- (ii) A further report, as set out above, be considered by the Committee at its next meeting.

11. Urgent Business

There was no urgent business to be considered.

12. Date of Next Meeting

The Chair reported that the date of the next meeting, Monday 23 October 2017, was a provisional date and it was proposed that the date be cancelled as it was no longer needed.

Resolved: - It was therefore noted that the next meeting of the Committee would be held on Monday 29 January 2018 at 2.00pm in Cabinet Room 'B', County Hall, Preston.

I Young
Director of Governance, Finance
and Public Services

County Hall
Preston