

## **Meeting of the Full Council - Thursday 13 December 2018**

### **Report of the Audit, Risk and Governance Committee meeting on 29 October 2018**

**Chair: County Councillor Alan Schofield**

#### **Part I (Open to Press and Public)**

### **The Annual Audit Letter for Lancashire County Council and Lancashire County Pension Fund 2017/18**

The Committee considered a report setting out details of the Annual Audit Letter for Lancashire County Council and Lancashire County Pension Fund for 2017/18 including the key messages in relation to the financial statements audit and audit opinion, and Value for Money conclusion.

**Resolved:** - That subject to the amendments, the Annual Audit Letter for 2017/18 as set out at Appendix A to the report be noted.

### **External Audit - Audit Progress Report and Sector Update 2018/19**

The Committee considered a report setting out an update including the proposed timescales for the audit of the 2018/19 statement of accounts and the Value for Money conclusion.

**Resolved:** - That the External Audit Progress Report and Sector Update 2018/19 set out at Appendix A to the report be noted.

### **Internal Audit Progress Report**

The Committee considered a report setting out the internal audit work performed under the audit plan for 2018/19 which was approved in April 2018.

**Resolved:** - That the Internal Audit Service progress report and outcomes of the work for the period to 30 September 2018 be noted.

### **Corporate Risk and Opportunity Register Quarter 2**

The Committee considered a report setting out details of an updated (Quarter 2) Risk and Opportunity Register reflecting changing priorities and the updated budget position.

**Resolved:** - That the updated Corporate Risk and Opportunity Register as set out at Appendix A to the report now presented, be noted.

## **Treasury Management Activity 2018/19**

The Committee considered a report setting out details of a review of Treasury Management activity for the period April to September 2018, including a summary of the economic conditions; borrowing activity; investment activity; and the actual results measured against the Prudential and Treasury Management indicators for the period.

**Resolved:** - That the treasury management activities set out in the report now presented, be noted.

## **General Data Protection Regulation Update**

The Committee considered a report setting out an update on the implementation of controls to ensure compliance with new data protection legislation across the authority.

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

## **Part II (Not Open to Press and Public)**

### **Delays and Overspends on Major Projects, with Specific Reference to the Central Lancashire Strategic Site**

The Committee considered an oral update

**Resolved:** - That:

- (i) The note and oral update be noted;
- (ii) A progress report on the implementation of the above arrangements be presented to the next meeting of the Audit, Risk and Governance Committee on 28 January 2019.

## **Neighbourhood Wellbeing Grants**

The Committee considered a report setting out details of a report of the independent auditor appointed to carry out an investigation into the manner in which Neighbourhood Wellbeing Grants were awarded in 2016 and 2017.

**Resolved:** - That the report by the independent auditors, 'Veritau', presents an alarming breakdown in the proper mechanisms for controlling the county council's expenditure. The report demonstrates what can happen if a county councillor adopts the roles of officers and those officers charged with the responsibility of ensuring financial probity at all times are then unable to carry out their responsibilities effectively.

The report is a damning indictment and it is of concern that, as Cabinet Member for Health and Wellbeing, County Councillor Ali:-

- Gave instructions that all applications for a grant should be submitted only to him.
- Screened the applications for grants without any predetermined criteria for their determination.
- Did not retain a record of those projects not approved by him nor of the reasons for their exclusion.
- Changed the threshold suggested by officers for those applications requiring further checks.
- Approved grants to organisations known to him and in his own division of Nelson East and approved grants totalling £268,000 to organisations in Nelson and the surrounding area.

Committee is also concerned that in publicising the awarding of the grants, some Labour County Councillors sought to give the impression to their electorate that these grants had been given by the Labour Party and not by Lancashire County Council.

Committee therefore resolves to request the Chief Executive and Director of Resources to:

- (i) Report to a future meeting of this Committee setting out the responsibilities of Lancashire County Council's officers in relation to council expenditure and outlining a protocol to be followed when grants are awarded to community groups and other voluntary bodies with a view to reporting to Full Council in due course.
- (ii) Report this matter to Lancashire Constabulary for investigation to determine if there has been any fraud, misconduct in public office or a criminal breach of electoral law.
- (iii) Submit the report to Full Council as a Part I item with any necessary redactions.