

Lancashire County Council

Audit and Governance Committee

Minutes of the Meeting held on Monday, 25th March, 2013 at 2.00 pm in Cabinet Room 'B' - County Hall, Preston

Present:

County Councillor Mohammed Younis (Chair)

County Councillors

K Brown

M Welsh

H Henshaw

D Westley

J Lawrenson

Officers in attendance

George Graham – deputy county treasurer

Ruth Lowry – chief internal auditor

Karen Murray – director, Grant Thornton

Fiona Blatcher – associate director, Grant Thornton

Roy Jones - assistant county secretary

Cath Rawcliffe – committee support officer

1. Apologies

Apologies were presented on behalf of County Councillors S Chapman and M Parkinson.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

3. Minutes of the Meeting held on 14 January 2013

Resolved: That the Minutes of the meeting held on 14 January 2013 be confirmed and signed by the Chair.

4. Internal Audit Service Progress Report

Ruth Lowry, chief internal auditor, presented a report on the work undertaken by the Internal Audit Service for the period to 28 February 2013.

It was reported that during the period since December 2012, the Internal Audit Service had reported assurance in relation to emergency planning, payment of staff expenses, officers' declarations of interest and of gifts and hospitality, and the carbon reduction commitment.

It was noted that since the publication of the agenda, new evidence had been submitted in respect of the carbon reduction commitment and that the level of assurance had been revised and upgraded from 'limited' to 'substantial'.

Reference was made to a briefing meeting held on 11 March 2013 between members of the committee and officers to discuss the progress being made to re-invigorate the council's information governance arrangements. The committee was advised that measures had been put in place and that the County Secretary and Solicitor had been appointed to the role of senior information risk officer (SIRO). Despite this assurance the committee reiterated their concern that the council was not compliant with the standards required for information governance. It considered that the council's information governance arrangements exposed the council to significant risk which should be reflected in the county council's annual governance statement with an indication that appropriate action would be taken to remedy the situation following the transfer of the SIRO responsibilities to the Council. It was agreed that the Chairman of the committee would write to the chief executive and the monitoring officer drawing attention to these concerns.

Reference was also made to the concessionary travel scheme which had been awarded 'limited' assurance.

In commenting on the presentation of the progress report, the committee suggested that it would be helpful if the report contained a summary listing all 'limited assurance' from the previous quarter and the action taken by management. In response, the committee was advised that this information would be included in the annual progress report to be presented to the next meeting on the 24 June 2013.

Resolved: i) That the internal audit progress report for the period to 28 February 2013 as now presented, be noted.

ii) That the significant risk posed by the council's information governance arrangements be reflected in the county council's annual governance statement for the year ending 31 March with an indication that appropriate action will be taken to remedy the situation following the transfer of the senior information risk officer (SIRO) responsibilities to the Council.

iii) That the Chair of the committee be requested to write to the chief executive and the monitoring officer drawing attention to the concerns of the committee in relation to the council's information governance arrangements.

5. Internal Audit Plan for 2013/14

Ruth Lowry, chief internal auditor, presented the outline annual internal audit work plan for 2013/14 which set out the plan of work to be undertaken by the county council's Internal Audit Service for the coming financial year.

The plan amounted to a total resource input to the county council of approximately 2,800 days and was intended to provide assurance that the chief executive and leader of the council need that the risks to the council's objectives were being adequately and effectively controlled. The plan also supported an annual opinion on the effectiveness of the systems of governance, risk management and internal control across the council.

Reference was made to the services provided to the council by One Connect Limited (OCL). It was suggested that the annual internal audit plan should provide details of each OCL service area to be audited. It was also suggested that in future, the report should include reference to OCL in the illustration at paragraph 3.2 of Appendix A to the report under "Service Specific Controls".

Reference was also made to the council's risk management arrangements. Following discussion and questions to the chief internal auditor, it was agreed that a report on risk management would be presented to a future meeting.

Resolved: i) That subject to the inclusion of details of each OCL service area to be audited, the outline audit plan and process for 2013/14 be approved.
ii) That a report on risk management be presented to a future meeting.

6. External Audit Lancashire County Council and Lancashire County Pension Fund Annual Audit Plans 2012/13

Karen Murray and Fiona Blatcher, Director and Associate Director of Grant Thornton respectively presented the External Audit Plans for the audit of the county council and the pension fund for 2012/13.

The Audit Plans set out the main risk areas which the audits would focus on. These included the council's financial statements and value for money.

The committee noted that the fee for the audit of the pension fund had increased by £7,336. This additional charge related to changes in the investment portfolio of the pension fund, an increase in the overall number of managers and the increasing complexity of the financial instruments involved which had given rise to additional risks.

It was also noted that a further report would be presented to the next meeting of the committee in June 2013.

Resolved: - That the External Audit Plans for the audit of the County Council and the County Pension Fund for 2012/13, and the fees therein, be noted.

7. External Audit Lancashire County Council Annual Certification Work Report 2011/12

Karen Murray, Director, Grant Thornton, presented a report on a summary of the Audit Commission's work on certifying the council's 2011/12 claims and returns.

It was noted that four claims/returns had been audited relating to expenditure of £71.8 million and that no significant issues had been reported.

Resolved: That the report be noted.

8. Urgent Business

There were no items of urgent business.

9. Date of Next Meeting

It was noted that the next meeting of the committee would be held on Monday 24 June 2013 at 2.00 pm at County Hall, Preston.

I M Fisher
County Secretary and Solicitor

County Hall
Preston