

Lancashire County Council

Audit, Risk and Governance Committee

Minutes of the Meeting held on Tuesday, 28th August, 2018 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present:

County Councillor Alan Schofield (Chair)

County Councillors

J Berry	M Parkinson
C Edwards	J Shedwick
T Martin	A Vincent
E Nash	

1. Apologies

There were no apologies.

County Councillor Charles Edwards replaced County Councillor Philippa Williamson.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

3. Minutes of the Meeting held on 30 July 2018

The Committee's attention was drawn to minute 16, page 7 (Update on the Review of Neighbourhood Wellbeing Initiative Grants), and the incorrect references to the 'External Auditor' which should have referred to the 'Independent Auditor'.

Resolved: - That, subject to the amendment set out above, the minutes of the meeting of the Audit, Risk and Governance Committee held on 30 July 2018 be confirmed and signed by the Chair.

4. External Audit - Audit Findings Report and Opinion for 2017/18 (Revised)

The Committee considered a report setting out a revised audit findings report and opinion for 2017/18, detailing the revised and final position following the original report which was considered and noted by the Committee at its meeting on 30 July 2018.

The Committee's attention was drawn to the changes in the revised report which included:

- An opinion and commentary on the accounting treatment of Lender Option Borrower Option (LOBO) loans which had been outstanding at the time of the original report.
- Value for Money arrangements and the improved position following the Ofsted inspection.
- The revision in the rating of the judgement and estimates from amber to green as a result of the resolution of the accounting treatment of LOBO loans.
- An updated audit opinion to take account of the overall changes.

The Committee discussed the adverse publicity which had been generated as a result of the County Council not being able to approve the statement of accounts by the statutory deadline and recognised the additional pressure which this had placed on the finance team.

As reported at the meeting of the Committee on 30 July, the delay had been as a result of the due process undertaken by the external auditor in relation to the County Council's treatment of LOBO loans. It was confirmed by the external auditor that there would be no negative outcome for the County Council when Public Sector Audit Appointments Limited (PSAA) published its report, in October, on those local authorities which had not achieved the statutory deadline of 31 July 2018.

It was discussed as to whether the County Council would approach PSAA to highlight its concerns and to clarify whether the external auditor might be subject to any penalty for the delay.

Resolved: - That the report, now presented, be noted.

5. Statement of Accounts 2017/18

The Committee considered a report setting out, for approval, the County Council's final statement of accounts for 2017/18.

At its meeting, on 30 July 2018, the Committee had been unable to approve the statement of accounts due to an unresolved issue around the accounting treatment of LOBO loans. As a result, the Committee had noted the report considered at that meeting. Following the resolution of the issue around the LOBO loans, the statement of accounts had been finalised and were now presented to the Committee for approval.

It was reported that, at the suggestion of the external auditor, two additional explanatory notes had been added to the statement of accounts to explain the nature of the loans and the use of Auditor Guidance Note (AG) 7 rather than AG8 in the accounting method for the LOBO loans.

It was confirmed that no further changes had been made to the statement of accounts since the meeting of the Committee on 30 July.

It was also reported that, whilst there had been no changes to the management representations approved by the Committee at its meeting on 30 July, in order to conclude the audit following approval of the statement of accounts, there was a requirement for the representations to be approved again and for a further letter, as set out at Appendix 'A', to be signed by the Chief Financial Officer and the Chair of the Committee.

Resolved: - That:

- (i) The management representation letter set out at Appendix 'A' to the report, now presented, be signed by the Chief Financial Officer and the Chair of the Audit, Risk and Governance Committee prior to it being made available to the external auditor.
- (ii) Approval be given to the 2017/18 Statement of Accounts, as set out at Appendix 'B' to the report, now presented, for Lancashire County Council and the Lancashire County Pension Fund.

6. Urgent Business

There was no urgent business to be considered.

7. Date of Next Meeting

It was noted that the next meeting of the Committee would take place at 2.00pm on Monday 29 October 2018 at County Hall, Preston.

L Sales
Director of Corporate Services

County Hall
Preston