

## Lancashire County Council

### Audit and Governance Committee

**Minutes of the Meeting held on Thursday, 30th June, 2016 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

**Present:**

County Councillor Terry Brown (Chair)

#### **County Councillors**

K Brown	C Pritchard
D Clifford	A Schofield
C Dereli	B Winlow
G Driver	B Yates

#### **1. Apologies**

None received.

#### **2. Constitution: Membership; Chair and Deputy Chair; Terms of Reference**

**Resolved:** That,

- i. The appointment of County Councillors T Brown and D Clifford as Chair and Deputy Chair respectively of the Audit and Governance Committee for 2016/17 be noted.
- ii. The membership of the Audit and Governance Committee for 2016/17 be noted.
- iii. The Terms of Reference of the Audit and Governance Committee be noted.

#### **3. Disclosure of Pecuniary and Non-Pecuniary Interests**

None declared.

#### **4. Minutes of the Meeting held on 9 May 2016**

The minutes of the meeting held on 9 May 2016 were presented and agreed.

**Resolved:** That the Minutes of the meeting held on 9 May 2016 be confirmed and signed by the Chair.

#### **5. Update on Treasury Management Activity**

The Committee considered a review of Treasury Management activities in 2015/16.

The review included:

- A review of the economic conditions during 2015/16;
- Borrowing activity;
- Investment activity; and
- Actual results measured against 2015/16 Prudential indicators and Treasury Management Indicators

The Committee was advised that Treasury Management activity was influenced by the economic situation and anticipated movement in interest rates and that therefore, the decision to leave the European Union was likely to have a substantial effect on the council's Treasury Management Strategy going forward.

Assurances were also sought regarding the provision of Treasury Management by Local Pensions Partnership Limited (LPPL) having regard to the fact that key staff had now transferred to LPPL. It was reported that negotiations with LPPL were ongoing for the Company to provide the Treasury Management function which would mitigate the "key man" risk. For the present the function continued to be delivered by the former Council officer under separate arrangements with the Council.

**Resolved:** That the review of treasury management activities for 2015/16 to date as shown at appendix A to the report now presented, be noted.

## **6. The Council's Code of Corporate Governance**

The Committee considered a report on amendments to the Council's Code of Corporate Governance for the County Council and the implementation of an Action Plan for 2015/16.

The Code had been updated to reflect the seven new core principles and included sources of evidence as previously shown. The Committee was asked to consider any amendments or revisions it wished to make to the Code before submission to Full Council for approval. The Committee was also asked to consider the outcomes of the Action Plan agreed for 2015/16 based on the previous Code.

**Resolved:** That:

- i) The revised Code of Corporate Governance as shown at Appendix B to the report, be recommended to Full Council for approval
- ii) That the updates set out in the report on the implementation of the Action Plan for 2015/16 be noted.

## **7. The Council's Annual Governance Statement 2015/16**

The Committee considered the draft Annual Governance Statement (AGS) presented at Appendix 'A' to the report for inclusion in the Council's Annual Statement of Accounts for 2015/16.

Officers responded to concerns raised by the Members including the ability to access timely and accurate information and data from the council's Liquid Logic systems. The Committee was advised that steps were being taken to address this area of concern and that a report on the proposed improvements to the systems would be presented to the next meeting of the committee on 26 September, 2016.

It was noted that the Annual Governance Statement 2015/16 would be updated for the September meeting to reflect progress being made on areas such as the delivery of the Ofsted Improvement Plan and the outcome of the Local Government Association's Peer Review of the Council's Finance Service.

**Resolved:** i) That the draft Annual Governance Statement for 2015/16 presented at Appendix A to the report be approved for inclusion in the County Council's Statement of Accounts for 2015/16.

ii) That a report on the proposed improvements to the Liquid Logic systems be presented to the next meeting of the Committee on 26 September 2016.

## **8. Risk and Opportunity Register**

A report was presented on an update on the Risk and Opportunity framework and an updated Risk and Opportunity Register for the Committee to consider and comment upon.

It was noted that the Risk and Opportunity register provided a brief, high level description of the risks and opportunities along with current controls and further proposed mitigating actions.

**Resolved:** That the revised framework and the updated Risk and Opportunity Register as shown at Appendix A to the report be noted.

## **9. Response of the Audit and Governance Committee Chair to Grant Thornton's request for information to support its compliance with International Standards on Auditing**

The committee considered a response to Grant Thornton's request for information to support its compliance with international standards on auditing and quality control.

**Resolved:** That the response to Grant Thornton's request for information as shown at Appendix B to the report, be approved and signed by the Chair of the committee.

## **10. Waste Facilities Valuation - Business Decision Analysis**

The Committee considered a report on the evaluation of 'property, plant and equipment' in respect of the waste plants owned by the Council.

It was noted that the Council had requested valuation advice from an independent financial services company to support a decision on the appropriate treatment of the above assets for the 2015/16 Statement of Accounts.

The External Auditor advised that she was happy with the progress being made in this respect.

It was agreed that a further update report would be presented to the next meeting of the committee on 26 September, 2016.

Members commented that it would be more appropriate to 'note' the conclusions rather than 'agree' the conclusions drawn in the report. It was therefore agreed that the 'Recommendation' in the report, be amended accordingly.

**Resolved:** i) That the report be noted.

ii) That a further update be presented to the next meeting of the committee on 26 September, 2016.

## **11. Urgent Business**

The Chair informed the committee that he had agreed that the following report should be considered at the meeting as items of urgent business. The special circumstances for the use of the urgent business procedure was set out under the heading to the report.

## **12. External audit update report June 2016**

### **Reason why the business is considered to be urgent**

As the progress report relates to the period ended June 2016, it was considered more appropriate and timely for it to be considered at this meeting rather than at the next meeting on 26 September 2016.

A report was presented on the progress to date on the 2015/16 Audit Plan for the Council and set out the accounting and auditing issues relevant to the 2015/16 financial statements and their preparations.

The report included details on recent publications which it was felt could be helpful to the Committee in discharging its responsibilities.

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

**13. Date of Next Meeting**

It was noted that the next meeting of the Committee would be held on Monday 26 September 2016 at 2:00pm at County Hall, Preston.

I Young  
Director of Governance, Finance  
and Public Services

County Hall  
Preston