

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 13th March 2013

**PRESENT: Councillor Aldred (Chair)
Councillors Sandiford (subbing for Evans), Knowles, Morris,
Oakes and Procter**

**IN ATTENDANCE: Mr P Seddon, Head of Finance and Property Services
Mrs J Crawford, Finance manager
Ms K Murray, Director, Grant Thornton
Ms Linda Kettles, Manager, Grant Thornton
Mr Zaheer Abbas, Senior Auditor, Lancashire County
Council
Mr Ian Rushworth, Principal Auditor, Lancashire County
Council**

**ALSO PRESENT: Councillor Barnes and Councillor Marriott
3 members of the public**

1. CHAIR'S INTRODUCTION

1.1 The Chair asked all members of the committee and officers to introduce themselves. The Chair welcomed the LCC and Grant Thornton Auditors.

2. APOLOGIES FOR ABSENCE

2.1 Apologies had been received from Councillor De Souza, Evans and Mr Ali (Co-Opted Member).

3. MINUTES OF THE MEETING HELD ON 19TH SEPTEMBER 2012

Resolved:

The minutes of the meeting held on 19th September 2012 were agreed as a correct record.

4. URGENT ITEMS OF BUSINESS

4.1 The Chair confirmed that there were no urgent items of business.

5. DECLARATIONS OF INTEREST

5.1 No declarations of interest were made.

6. PUBLIC QUESTION TIME

- 6.1 The Chair agreed to deviate from the procedure for public speaking and allow members of public present to ask questions as items on the agenda were presented. Members of the public were permitted to ask questions on items not on the agenda at this point in the meeting.
- 6.2 Mr Entwistle asked for clarification on a recent FOI response as to whether data was not being held or whether the information was not being divulged. The Head of Finance confirmed that the data was not held. This led to a further question about possibility of allocating officer time to individual jobs. Following a general discussion and input from the LCC audit team, it was concluded that though this may be common in private companies this was not a general practice in local government where only additional direct costs were coded to capital projects.

7. CHAIR'S UPDATE

- 7.1 The Chair had no update for the committee.

8. INTERNAL AUDIT PROGRESS REPORT TO 31ST JANUARY 2013

- 8.1 Mr Rushworth from Lancashire County Council internal audit service introduced the report, which summarises the work undertaken up to the end of January, and explained the four levels of assurance used in internal audit reports. The audits which have been concluded have been assigned a level of assurance and the management response to the findings has been shown. Other audits are still in progress and due to conclude in quarter 4 and report to the June committee. Of the audits still in progress the auditor confirmed that no major issues have been raised so far.

The auditor confirmed that all the reports concluded to date had been assigned at least substantial assurance and that the housing benefits audit had resulted in full assurance of the adequacy of the system and its effectiveness in operation.

A member of the public questioned whether the terms of reference of the Asset management audit included confirmation of asset ownership. It was clarified that although asset ownership was not a part of this specific audit, there is a sample investigation performed each year by the external auditors as part of the annual accounts review.

The Committee thanked the internal audit staff for their work and the contribution they make towards continual process improvement for the Council.

Resolved:

That the Internal Audit Progress Report to 31st January 2013 was noted.

9. AUDIT AND ACCOUNTS COMMITTEE EFFECTIVENESS QUESTIONNAIRE – SELF ASSESSMENT

- 9.1 Mr Rushworth from LCC internal audit service introduced the report which summarised the findings of recent self-assessment study for the Audit and Accounts Committee. It was confirmed that the questionnaire was based upon a standard CIPFA template and issued to all councillors, not just current members of this committee. Though this ensured complete coverage and allowed past members of the committee to contribute, it was felt that perhaps the questions could have been more tailored to ask more general questions of perception of the committee for those members who do not have experience of being on the committee.

This self-assessment provides members with an opportunity to raise any concerns as an example of good governance and is typically undertaken every 3 or four years. The responses collected will be used to inform future training programmes.

Resolved:

That the results from the Audit and Accounts Committee Effectiveness Questionnaire – Self Assessment be noted.

10. GRANT THORNTON UPDATE

- 10.1 The external audit engagement lead, Karen Murray, introduced the report on grant certification work for the 2011/12 year which covers the work that her staff undertook whilst employees of the Audit Commission. Only two grants required certification in 2011/12, totalling £37million. Both were submitted on time to the auditors and the audits were completed within the required deadlines. The auditor confirmed that the working papers were good and the systems were performing well, with only one very minor adjustment being made to one of the claims. As a result of this the time taken to complete the audit was under that anticipated and this was reflected in a reduced audit fee.

The Committee concluded that this was a good example of the Council and the auditors working together to improve processes over the years and thanks were expressed to both the auditors and the staff involved in the operations of these two claims.

- 10.2 The external auditor confirmed that the proposed fee for the 2012/13 accounts represents a 40% reduction on that of previous years. The report details the phasing of the audit work ahead culminating in a report to the September committee on the Statement of Accounts and then a grant certification report by the end of December, which will come to this committee next March.
- 10.3 The external audit manager, Linda Kettles, explained that the letter to this committee asking for an understanding of how the committee gains assurance

from management is an annual request, which is usually discussed in more detail at the June committee alongside the draft Statement of Accounts.

The Head of Finance confirmed that he had begun to draft a response along the same lines as last year and he would circulate this to all members of the committee for consideration and further discussion at the June committee.

The committee asked for clarification of whether the response to question 4 was expected to include any and all cases of actual or potential litigation, or whether an element of materiality should be applied. The auditor and the Head of Finance confirmed that only significant events affecting the Balance Sheet would be included, should there be any such instances.

Resolved:

That the reports be noted.

11. EXCLUSION OF PUBLIC AND PRESS

Resolved:

Members agreed that there was no requirement for exclusion of Public and Press for the remaining item as there were no new complaints to note and the complaints discussed from the previous meeting had been made public.

12. STANDARDS COMPLAINTS UPDATE

- 12.1 Two complaints against members were noted at the last meeting, one had been decided and the other was still under investigation. The Chair confirmed that both had now been determined to be breaches of the code of conduct and both had been subject to censure.

Following a question from the committee about any lessons learned the Chair confirmed that both complaints had crossed the boundary between the old standards procedure and the new one, therefore some lessons had already been addressed within the new procedure. However, the Chair felt that there may still be improvements to be made in the rights of appeal and that this should be referred as a suggestion to the Monitoring Officer.

Resolved:

That the update was noted.

The meeting commenced at 6.30pm and finished at 7.40pm

Signed (Chair)

Date