

MINUTES OF: THE AUDIT AND ACCOUNTS COMMITTEE

Date of Meeting: 29th September, 2015

**PRESENT: Councillor Knowles (Chair)
Councillors Evans, Howarth, Knowles, Oakes M Smith and Steen**

**IN ATTENDANCE: Mr P Seddon, Head of Finance and Property Services
Mrs J Crawford, Finance Manager
Ms K Murray, Audit Director, Grant Thornton
Mr S Hardman, Audit Manager, Grant Thornton
Ms R Lowry, Head of Internal Audit, Lancashire County Council
Mr Carl North, Audit Manager, Lancashire County Council
Miss M Hargreaves, Committee and Member Services Officer**

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

1. CHAIR'S INTRODUCTION

1.1 The Chair welcomed everyone to the meeting.

Prior to commencement of the agenda, the Chair informed the committee of the sad death of Aleena Kausar who was the daughter of Mr Mumtaz Ali, Co-opted Member of the Audit and Accounts Committee. A minutes silence was held as a mark of respect.

2. APOLOGIES FOR ABSENCE

2.1 Apologies had been received from Councillor Essex (Councillor Haworth sub), Councillor Hughes and Mr Mumtaz Ali, Co-opted Member.

3. MINUTES OF THE MEETING HELD ON 30th JUNE, 2015

Resolved:

The minutes of the meeting held on 30th June, 2015 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

There were no declarations of interest.

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 A member of public referred to item D2, Appendix 1, page 33 in relation to the NI 154 performance indicator. The Chair informed Mr Atherton that this was a joint report for performance and risk, it was agreed at the last committee that the risk management would be reported to this committee and the performance at O&S. However, there was not sufficient time to split the report ahead of publication deadlines for this committee. Councillor Oakes confirmed that this issue had been raised at the O&S committee and Councillor Lamb, Portfolio Holder for Operational Services and Development Control had the response and would be in contact with Mr Atherton regarding this.

7. CHAIR'S UPDATE

7.1 The Chair informed the committee that this meeting would be Simon Hardman's last meeting; Simon was staying with Grant Thornton but would be moving on to a new role. The Chair thanked Simon for his work and wished him well in his new role on behalf of the committee.

8. ANNUAL INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD TO 31ST AUGUST 2015

8.1 The Head of Internal Audit (LCC) outlined the Internal Audit Report for 2014/15 which provided members with a summary of the works carried out and the assurances given.

8.2 It was noted that there were three areas of work still outstanding.

8.3 There were two key issues, one of these being the work ongoing on the Empty Homes programme which was being considered by the council's senior officers and would be brought to a later meeting of the Audit and Accounts Committee.

8.4 The other key issue was the work done to follow up the actions agreed by management to improve the various council control systems and it was indicated that progress on these was slower than managers anticipated which resulted in the requirement to agree revised dates for implementation. It was also noted that

there was a lack of resources to operate some segregation of duty controls that would have once been regarded as necessary and instead a reliance had been placed on financial monitoring routines to spot errors. The Finance Manager informed the committee that in the case referred to by Internal Audit, the management response was to introduce detailed monitoring on a quarterly basis. However, in practice it was easier to do this on a monthly basis and this has now been put in place.

8.5 The report outlined the summary of the findings and assurances from last year, the work on Non-Domestic Rates and Asset Management has now been finalised. Work was ongoing on the Empty Homes programme also.

8.6 The Committee asked questions and made comments on the report to the Head of Internal Audit, which included the following:

- The comment at point 2.2 of the Appendix A 'there is a lack of resources to operate controls that would once have been regarded as necessary' was ambiguous, were they not necessary now or should they have been used. The comment was in reference to member allowances, in which substantial assurance was now given.
- How could the authority be assured (due to the lack of resources) this was not happening elsewhere in the council. It was confirmed this would be reviewed within the rest of the audit plan covering the council's key control systems.
- The Chair noted that due to reduced resources, there was a greater emphasis on risk management as there would be less staff and a higher chance of override. It was expected that the council's payment authorisation process would pick these issues up.
- Concern was raised that the revised dates for action implementation were not reported to the Audit and Accounts Committee. It was felt this was important in order to monitor this aspect of work. It was noted that the work to identify these delayed actions had already been done and so this would be provided to the Audit and Accounts Committee at the next meeting.

The Head of Internal Audit responded to questions raised. The Head of Finance informed the committee that with respect to the issue at 8.4 above, payroll staff were responsible for all data input and whilst finance officers reviewed staff payment in detail every month, they were only reviewing members allowances in summary as part of the financial monitoring routines. Members allowance payments had now been added to the monitoring regime for monthly staff costs.

Resolved:

1. That the internal audit progress report for the period of 31st August 2015 be noted.

9. QUARTER ONE INTEGRATED PERFORMANCE REPORT (APRIL TO JUNE 2015)

- 9.1 The Head of Finance outlined that the report was a transitional arrangement between O&S and Audit and Accounts in terms of performance and risk.
- 9.2 It was noted that for future committees, the covering report would be based on only on risk for the Audit and Accounts Committee.
- 9.3 In the minutes of the O&S Committee it was agreed that the risk register would still be reported to O&S.
- 9.4 The Committee asked questions and made comments on the report, which included the following:
- Concern re duplication of effort between committees
 - O&S would be looking at the report from a different aspect than Audit and Accounts
 - Suggestion to discuss with Chair of O&S to see what that committee wants to see
 - It was agreed that O&S should continue to have the full report, at least for this financial year, but only the risk element would be brought to Audit and Accounts
- 9.5 The Head of Finance noted that current origin for identifying risks was the business planning process. The key point was to identify risk and there was a focus when writing reports to identify this. As new projects emerge, any risks identified would be placed on the risk register, along with other areas that risks could be identified such as working in partnership.
- 9.6 The Committee asked questions and made comments on the report, which included the following:
- When officers were determining risk, were they aware of what to look for, were they professionally trained to cover all aspects of risk? The Chair noted that one area of challenge was to understand the risk management framework and how it goes about identifying risk; it was about identifying areas missed. What the committee needed to do going forward was to understand the process in through which risks were identified.
 - Ensuring that risks were not chased/monitored for monitoring sake
 - The Chair outlined the process in which risks were measured
 - Could the response to the question raised at O&S by Mr Atherton be circulated to all committee members
 - Was the Empty Homes Scheme identified originally on the risk register? The Chair informed the committee that work was still undergoing on this matter and was not aware of whether it was on the risk register originally,

although it was a little academic at this stage. The important aspect now is to ensure that the risk identification process for all key risks is robust..

Resolved:

1. That the Audit and Accounts Committee noted the levels of risks detailed within the report.

10. Annual Accounts 2014/15 (Verbal Update)

- 10.1 The External Audit Director informed the committee that it would have been expected that a report of the summary of work done by Grant Thornton be brought to this committee given that the deadline for the Accounts to be signed off by was the 30th September, 2015. It was noted that work was still ongoing with issues raised with the Empty Homes project which had delayed this report until a future meeting of this committee.

11. STANDARDS COMPLAINTS UPDATE

- 11.1 The Chair informed the committee that there had been no standards complaints

Resolved:

That the update was noted.

The meeting commenced at 6.30pm and finished at 7.15pm

Signed (Chair)

Date