

PRESENT: COUNCILLOR B YOUNG (CHAIRMAN)

Councillors W J Aron, Mrs C M H Farquharson, C Farrar, N I Jackson, Mrs P A Mathers and Mrs S Rawlins.

Mr D Finch (Added Independent Person).

Officers in attendance: Tony Crawley - Audit Commission (District Auditor), Terry Hawkins (Interim Director, Adults Social Care Commissioning), David Laws (Head of Finance, Adults Social Care), Lucy Pledge (Head of Corporate Audit and Risk Management), Moira Potter (Head of Service, Assessment and Care Management Older People), Marie Robertson (Workforce Strategy Team Leader), Matthew Waller (Senior Auditor), Salina West (Democratic Services Officer), Mike Wood – Audit Commission (Audit Manager).

78. APOLOGIES FOR ABSENCE

No apologies for absence were received.

79. DECLARATIONS OF MEMBERS' INTERESTS

Mr D Finch declared a personal interest in item 4 – Adult Services Financial Management Verbal Update (Minute No. 82 refers); and in item 10 – Adult Services Report – Contact and Referral (Minute No. 88 refers), as a non Executive Director of the Lincolnshire Partnership NHS Foundation Trust.

80. MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 21 MARCH 2011

RESOLVED

That the minutes of the previous meeting held on 21 March 2011 be confirmed and signed by the Chairman as a correct record.

81. INTERNATIONAL AUDIT STANDARDS – RESPONSE TO MANAGEMENT PROCESSES QUESTIONS

A report was submitted by Lucy Pledge, Head of Corporate Audit and Risk Management, which provided the Committee with an assessment around whether the Council's financial statements may be mis-stated due to fraud or error.

It was noted that the External Auditors were required to obtain an understanding of the Council's management processes in a number of areas. Members were also informed that the International Auditing Standards specified the areas concerned, as detailed below, which included information of the Council's current processes.

AUDIT COMMITTEE
26 APRIL 2011

- An assessment of the risk that financial statements may be materially mis-stated due to fraud
- Identifying and responding to risks of fraud in the organisation
- Communication to employees of views on business practice and ethical behaviour
- Communication to those charged with governance of the processes for identifying and responding to fraud
- Awareness of any actual or alleged instances of fraud
- Compliance with laws and regulations and the potential for litigation and claims that would affect the financial statements

The Committee were informed that given the information detailed in the report, the Council had been assessed as low risk.

During discussion the following points were raised:-

- Whether sufficient safeguards were in place with regard to orders and payments
- The number of investigations that had been undertaken
- Whether the transfer of authority responsibility for the concessionary fares scheme and flooding had been reflected in the annual audit report?
- The need for the outcomes of the concessionary fares audit to be provided
- As a Lead Local Flood Authority, what current activity was being undertaken by the Council?
- The need to monitor any fraud items of significance
- The need to invoke insurance claims by way of re-dress through the courts and through insurance company's

RESOLVED

1. That the Committee considered that the low risk assessment did accurately reflect the Council's management processes to minimise the risk of fraud and error in the financial statements.
2. That a report be submitted to the next meeting of the Committee scheduled to be held on 13 June 2011 regarding System Application and Products.
3. That a briefing paper be circulated to members of the Committee regarding the audit of the concessionary fares scheme.

82. ADULT SERVICES FINANCIAL MANAGEMENT – VERBAL UPDATE

Terry Hawkins, Interim Director, Adults Social Care Commissioning, verbally updated the Committee on the financial management of Adult Social Care (Minute No. 69 of 21 March refers).

**AUDIT COMMITTEE
26 APRIL 2011**

It was highlighted that greater emphasis was needed on improving engagement; performance management and budget monitoring, which would be addressed through the establishment of a Performance Board, due to meet on a monthly basis.

Members were informed that clearer service level agreements were also needed between commissioners; providers and operational teams; and that all managers would be made aware of performance targets and financial management responsibilities, which would be tightly monitored.

Upon discussion, the following comments were noted:-

- Membership of the Performance Board
- Expectations for service users
- That clarity of services and priority would be given to service users
- Officers would be held to account if found to be under-performing
- It was felt that over-spending had occurred as a result of services being lead by demand
- Assurance was given that service users would be provided with one standard service
- Management and impact of the different demographics
- Whether the different levels of costs affected the quality of service

The Chairman congratulated Terry Hawkins on the amount of work that had been achieved during his short time with the authority.

RESOLVED

That a further update be provided to the Committee at its meeting on 11 July 2011.

83. AUDIT COMMITTEE WORK PLAN

A report was submitted by Lucy Pledge, Head of Corporate Audit and Risk Management, which provided the Committee with progress on agreed actions, together with its work plan up to September 2011.

It was reported that a workshop was to be held in the afternoon of 13 June 2011 to discuss the work plan in more detail and to undertake a self assessment on its effectiveness.

Members were also informed that training on financial statements had been arranged for 4 July 2011.

RESOLVED

1. That progress of agreed actions as detailed in Appendix A attached to the report be noted.

AUDIT COMMITTEE
26 APRIL 2011

2. That the work plan as detailed in Appendix B attached to the report be agreed, subject to including the following item:-

- Adult Social Care Financial Management Update – 11 July 2011

84. EXTERNAL AUDIT FEES 2011/12

Mike Wood, Audit Manager for the Audit Commission provided the Committee with the External Audit fee letters for the County Council and the Pension Fund.

It was noted that the fees had been based on the latest published scales, with reductions applied where possible. Although the pension fee had increased slightly, the County Council fee had reduced by 10%.

In response to a comment made by a member of the Committee with regard to the fee being determined by the value of investment, it was reported that the fee was not negotiable.

RESOLVED

That the report be noted.

85. MAINTAINING GOOD GOVERNANCE IN THE CHALLENGING TIMES AHEAD

A report was presented by Lucy Pledge, Head of Corporate Audit and Risk Management, regarding the proposed audit of the Council's Governance Framework.

It was noted that as part of the audit plan for 2011/12, a review was to be carried out on how the Council's current governance framework was operating. Given that one of its key roles was to monitor the development and operation of this, details relating to the scope of the review were provided to the Committee.

The report concluded that the Council did have strong governance arrangements and structures in place; and that the outcome of the audit would provide assurance that they were fit for purpose and working as intended.

RESOLVED

That as part of the proposed audit of the Council's Governance Framework, it be requested that the review should include Pensions Committee in order to give a complete picture of the Council's regulatory committees.

86. REGISTER OF GIFTS AND HOSPITALITY

Consideration was given to a report presented by Lucy Pledge, Head of Corporate Audit and Risk Management, which provided the Committee with details of the Council's current procedures in relation to officers declaring interests in contracts and other financial transactions, and the receipt of gifts and/or hospitality.

**AUDIT COMMITTEE
26 APRIL 2011**

Members were informed that following a recent rapid desktop review of the current arrangements, a number of inconsistencies and issues across the Council had been revealed. It was therefore felt that in order to ensure clarity and consistency the Council's existing procedures needed to be reviewed, which included amendment of the form used for recording interests.

Details relating to a new corporate form and policy, together with appropriate guidance notes were attached to the report for Members' consideration. It was emphasised that in order to ensure employees were aware and understood the obligations and constraints required by them, training events and suitable publicity would be carried out.

The following comments were noted:-

- Staff needed to be disciplined in completing the forms
- Views should be sought from the officer Governance Board regarding accountability and maintenance
- The need to ensure monitoring of the register was undertaken
- With regard to the policy document, it was considered that section 21 g) should be a declarable item and be referred to the Governance Board

RESOLVED

1. That the current requirements and procedures with regard to officer interests in contracts and declarations for the receipt of gifts and hospitality be noted.
2. That the issues arisen under the current arrangements be noted.
3. That the introduction and implementation of a clear and consistent policy covering the new arrangements, together with a revised officer interest form and appropriate guidance notes, be supported.

87. EXCLUSION OF THE PUBLIC AND PRESS**RESOLVED**

That under Section 100(A) (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business (Minute Nos. 88 - 90 refers) on the grounds that they involved the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act, as amended.

88. ADULT SERVICES REPORT – CONTACT AND REFERRAL

Consideration was given to a report presented by Moira Potter, Head of Service, Assessment and Care Management Older People, regarding key risks for Adult Services in respect of the contact and referral process in older people.

**AUDIT COMMITTEE
26 APRIL 2011**

RESOLVED

That the report be referred to the Executive for consideration.

89. COMPROMISE AGREEMENT UPDATE

A report was presented by Marie Robertson, Workforce Strategy Team Leader, which detailed the number of Compromise Agreements from April 2010 to 31 March 2011, together with a comparison of the totals for 2008/09; 2009/10 and 2010/11.

RESOLVED

That the report and on-going application of lessons learnt be noted, and a further report on progress be submitted to a future meeting.

90. FUTURE PROOFING THE COUNCIL'S INTERNAL AUDIT SERVICE

The Committee received a report by Lucy Pledge, Head of Corporate Audit and Risk Management, regarding proposed changes to the Audit and Risk Management Service as a result of the Core Offer review.

RESOLVED

That the report be noted.

The meeting closed at 11.45am