

**PRESENT: COUNCILLOR B YOUNG (CHAIRMAN)**

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

Officers in attendance: Debbie Barnes (Assistant Director, Children's Services), David O'Connor (Executive Director Performance and Governance), Lucy Pledge (Head of Audit), Rachel Wilson (Democratic Services Officer) and Mike Wood – Audit Commission (Audit Manager).

44. APOLOGIES FOR ABSENCE

Apologies for absence were received from Tony Crawley (District Auditor), Mr D Finch (Independent Added Person), Pete Moore (Executive Director Resources and Community Safety) and David Forbes (Assistant Director Finance and Asset Management).

45. DECLARATIONS OF MEMBERS' INTERESTS

There were no declarations of interest at this point of the meeting.

46. MINUTES OF THE MEETINGS OF THE AUDIT COMMITTEE HELD ON 26 SEPTEMBER 2011 AND 31 OCTOBER 2011

RESOLVED

That the minutes of the previous meetings held on 26 September and 31 October 2011 be confirmed and signed by the Chairman as a correct record, subject to it being noted that under minute number 42 (31 October 2011) the Authority would be seeking reimbursement from Mouchel for the additional audit fees incurred from the delays and revisions to the accounts.

47. UPDATE ON THE PROGRAMME CENTRE

The Executive Director Performance and Governance provided the Committee with a verbal update of the work and key priorities of the Programme Centre. It was reported that the programme centre had been set up two years earlier to address improvements needed and had originally received limited assurance for its activities, since then it's work had been considered by this Committee on a number of occasions, and it had now received substantial assurance.

The Committee was informed that the Programme Centre had recently received external validation following the Peer Review, where it was noted that work being carried out was robust.

Since the Programme Centre was first set up, some significant changes had been made including the merging of the original Programme Centre with the Performance

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Team and Business Analysis Team, it was now known as the Performance and Programme Team. It was also noted that a substantive head of service, Christina Tudor, had been recently appointed to oversee this team, who had a wide range of experience relevant to these areas of work.

In terms of the work currently being carried out by the Programme and Performance Team, it was reported that the key areas were supporting major change and sustainable capacity development. Another major area of work was monitoring the Council's savings programme and the Committee was informed that risk assessments were carried out every month, and the major risk in terms of the budget came from Adult Social Care, where an overspend was still projected, but activity was focused on balancing the budget in two years time.

The work which had been carried out to support the heads of service in adult social care through the Workforce Change Programme and since had been received positively and was now being extended.

The Committee was also advised that some other areas of work which were in the early stages was the formulation of the Council's response to the growth in numbers of academies, as this would have an impact on the way the council operated in the future.

Queries were raised in relation to how the transformation of adult social care was being managed, and the Committee was advised that it was adult social care which was accountable for the changes, and the programme centre was supporting the managers in making those changes. There was a small semi-permanent team of staff from the Performance and Programmes team based in adult social care which was helping to develop and deliver the plans for balancing the budget. There were in excess of 30 pieces of work in progress in order to balance the budget. The extra capacity had been provided at the request of the service, Management Board and Executive.

It was reported that this work would be checked on an on going basis, and monthly risk assessments on the savings being made were taking place, and reported to the Informal Executive and Corporate Management Board on a monthly basis. There was an ongoing risk assessment in Adult Social Care. These risk assessments were now seen as a positive as they helped with producing more accurate budget projections.

There were no initial plans for the risk assessments to be brought to the Audit Committee, but audits would be done. However, officers were happy to share this information with the Committee if required. The Committee felt it was important to ensure that there was a robust process in place. It was suggested that a briefing paper be written to support the update by the Executive Director Adults and Children's and the Director of Public Health for the next meeting.

There was satisfaction that there was a rigorous process in place, however, it was thought it would be helpful if the Committee could receive a briefing paper occasionally.

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Comments were made around the need for certainty around the cost of council services for schools that chose to remain with the local education authority. It was also noted in relation to the academy programme, that there were delays in approving academies if they were special educational needs schools. The Assistant Director for Children's Services clarified that in Lincolnshire this was due to the PFI contract, and there had been some legal issues. However, it was now expected that schools in Lincolnshire would now be able to move forward as legislation had been changed.

**RESOLVED**

That the update be noted.

**48. DRAFT INTERNAL AUDIT PLAN 2011/12**

Consideration was given to a report presented by the Head of Audit which outlined the planned internal audit work from October 2011 to March 2012. The Committee was referred to Appendix A of the report which set out the planned audit activities for each directorate and the indicative scope of the work.

Queries were raised around whether any activity on IT Security – Starters and Leavers, had been carried out yet. The Committee was advised that this work was included as a result of the Workforce Change Programme. It had not yet started but was planned for later in the year. The audit would ensure that peoples access rights had been amended as appropriate. The work was required to make sure the process was effective.

The Committee was advised that the Audit Commission had carried out an IT assessment last year, which did identify some people who had not been removed from the system promptly, however, there were compensating controls in place and the assessment was being updated currently.

**RESOLVED**

That the draft internal audit plan be approved.

**49. WORK PLAN TO MARCH 2012**

Consideration was given to a report presented by the Head of Audit which outlined progress on agreed actions and the Committee's work plan up to March 2012. The Committee was referred to Appendix A of the report which set out its Action Plan.

The Committee was advised that some of the work set out in the action plan had not yet been brought forward, as the views of the Committee were required on what sort of information it would like to see in terms of each item. It was suggested that a report on the complaints process be brought to the meeting in January 2012 regarding its effectiveness. The Strategic Risk Register would be considered at the next meeting in December, to determine if there were still the same risks for the Council, and how they would be prioritised. Any items which were raised through this would be scheduled for the January 2012 meeting.

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One issue raised was around the risks of flooding to the County, and what controls were in place to ensure that partners were carrying out their duties in respect of this effectively and how the partnership approach was progressing. The Head of Audit agreed to follow this up with the relevant head of service.

It was also noted that the Executive Director Adults and Children's and the Director of Public Health had agreed to attend the next meeting of the Audit Committee to provide an update on Adult Social Care.

The Committee was advised that by the time of the next meeting, it would be possible to provide an update on the workshops which had been run on risks to the Council.

The Committee was assured that officers from Mouchel would attend when the closure of accounts – action plan and lessons learned was discussed.

The Audit Manager (Audit Commission) advised that they were hoping to present the opinion plans for the county council and pensions at the meeting in January 2012.

Members commented that the agenda seemed quite large for the next meeting and it was queried whether some less urgent items could be moved to the January agenda. The Head of Audit agreed to work with the Chairman and Vice-Chairman to finalise the agendas for the December and January meetings.

**RESOLVED**

1. That the progress of agreed actions in Appendix A be noted;
2. That the 'Outcome of Peer Challenge' and 'Future of Public Audit' items be moved to the January meeting;
3. That the Head of Audit work with the Chairman and Vice-Chairman to finalise the agenda for the December and January meetings.

**50. EXCLUSION OF PRESS AND PUBLIC****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 item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act, as amended.

**51. WOLDS COLLEGE**

Consideration was given to a report presented by the Assistant Director Children's Services which provided the Committee with an update on the Wolds College and allowed the opportunity to consider the Internal Audit Report.

The Committee was advised that following the announcement by Louth Cordeaux School, the previous week, of their intention to withdraw from the formation of a

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single educational organisation, the options put forward on how this would be achieved were no longer attainable. Therefore, further discussions would be taking place between the Authority and the schools to determine options for the future.

**RESOLVED**

That the report be noted and an update brought back to the meeting in March 2012.

The meeting closed at 11.35am