

PRESENT: COUNCILLOR B YOUNG (CHAIRMAN)

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

Officers in attendance: Alina Hackney (Senior Procurement Manager), David Laws (Head of Finance (Adult Social Care & Public Health & Central Services), Lucy Pledge (Head of Audit and Risk Management), Martin Purnell (Head of HR and Learning), Sarah Tennant (Strategic Risk Manager), Nigel Sheriden (Head of Service – Adult Social Care), Nigel West (Democratic Services Manager), and Rachel Wilson (Democratic Services Officer).

31. APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

An apology for absence was received from Mr P D Finch (Independent Added Person).

32. DECLARATIONS OF MEMBERS' INTERESTS

No declarations of interests were received at this point in the meeting.

33. MINUTES OF THE MEETING OF THE AUDIT COMMITTEE MEETING HELD ON 24 SEPTEMBER 2012

RESOLVED

That the minutes of the meeting of the Audit Committee held on 24 September 2012 be confirmed and signed by the Chairman as a correct record.

34. COMPROMISE AGREEMENTS UPDATE

Consideration was given to a report presented by the Head of HR and Learning, which examined the number of compromise agreements agreed by Lincolnshire County Council in the 12 months from 1 October 2011 to 30 September 2012 and the justification for these. It was also noted that this report was part of the overall compromise agreements monitoring process which had been in place since 2008 to ensure transparency.

It was reported that a Compromise Agreement was a contract between an employee and employer, which often included a financial sum, and ensured that there would be no further claims against the employer by the employee. It was noted that there had been 20 compromise agreements in the previous 12 months. The Committee was informed that there had been a reduction of these agreements issued over the past four years, and it was not something that the authority entered into lightly, they were monitored and managed effectively. Many were agreed in relation to long term sickness absence, particularly in relation to schools.

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Compromise agreements would continue to be used, and managers would be trained to only use them as a last resort.

The Committee was provided with the opportunity to ask questions to the officers present in relation to the information presented in the report, and some of the points raised during discussion included the following:

- Both sides needed to be represented by a solicitor, and the authority would normally pay the legal costs of the employee, to ensure that they received sound legal advice and to ensure the legality of the contract. However, the amount which would be paid to cover legal costs was capped.
- There appeared to be a downward trend in the number of compromise agreements being agreed;
- The amounts which were payable per agreement were roughly comparable with previous years;

RESOLVED

That the contents of the report be noted.

35. RISK MANAGEMENT PROGRESS REPORT TO 30 SEPTEMBER 2012

A report was considered which assisted the Committee in fulfilling its role to ensure that the Council had effective risk management arrangements in place by providing an update on how well the Council's biggest risks were being managed as well as reporting on the progress made in assisting the Council to adapt and change the way it considered risk.

It was reported that there had been one significant change to the register since it was last presented to the Committee, which was that the 'matrix' on which the risks were plotted had been amended, in that the amount of red zone had been reduced, creating more blue middle ground where the requirement for tight control and comprehensive contingency planning was less stringent.

The Committee was informed that there were 15 risks on the strategic risk register, of these there were 5 that were worthy of note, and two of them related to Adult Social Care and would be addressed in a later agenda item.

The Strategy had been finalised following extensive consultation with the Corporate Risk and Safety Steering Group, and the new Risk Management Toolkit was in the final stages of completion. It was noted that the Public Health had approached the corporate risk management team and expressed an interest in trialling the new risk awareness training and learning activities which were being developed.

Members were provided with the opportunity to ask questions to the officers present in relation to the information presented with the report and some of the points raised during discussion included the following:

- There was an open view from the risk owners which reflected an awareness of the risks;

- The changes were not about putting in more controls, but acknowledging that the risk was there and having a watching brief;
- It was accepted that some risks would always be there;
- The aim was to offer a range of ways to manage risks;
- There was consistency on how strategic risks were managed;
- Each Executive Councillor would receive information via the respective Executive Director of the key strategic risks related to their portfolio;
- The new format was much easier to understand;
- There was also a financial risk assessment which would be going before the Value for Money Scrutiny Committee

RESOLVED

1. That the current status of the strategic risks facing the council be noted;
2. That the revised Risk Management Strategy be approved;

36. REGISTER OF OFFICERS INTERESTS, GIFTS AND HOSPITALITY - UPDATE

Consideration was given to a report which updated members of the Committee on the review of the Register of Officers' Interests, Gifts and Hospitality. The Committee was reminded that a management review had been carried out which had highlighted a need for a more clear and consistent approach to registering officers' interests, gifts and hospitality. It was noted that the consultation on the revisions had been delayed due to a need to incorporate a general review of the Officer Code of Conduct, and guidance on declarations had now been included in this.

The Committee was informed that the consultation would end on 16 November 2012, and then a programme of awareness raising would commence in order to draw officers attention to the requirements. The register would be maintained by Democratic Services, who were also involved in the induction process, which the Democratic Services Manager described as an opportunity to draw new staff's attention to the Register.

Members were provided with the opportunity to ask questions to the officers present in relation to the information contained with the report and some of the points raised during discussion include the following:

- Anything with a value over £25 needed to be declared, to ensure consistency across the authority;
- It was suggested that all staff could be asked to sign a declaration that they had not received any gifts or hospitality, but it was felt the cost of such an operation would outweigh the benefit.
- The Head of Internal Audit and Risk Management offered to work with the Democratic Services Manager to help provide assurance that staff were complying with the regulations.

RESOLVED

That the latest position be noted and the proposed programme of awareness raising be supported.

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37. ASSURANCE STATUS REPORT – ADULT SOCIAL CARE

Consideration was given to a report which provided the Committee with an insight on the assurances across all critical services and key risks in Adult Social Care. It was noted that this was the first combined assurance report for the Council. Assurance information from management, corporate functions/third parties and Internal Audit had been co-ordinated to show what assurances the Council currently had in Adult Social Care.

It was reported that Internal Audit had worked very co-operatively with Adult Social Care (ASC) and some of the key messages had been pulled out, and it had also been an area which had been scrutinised previously by the Audit Committee.

From an ASC point of view, this had been found to be a very positive experience as it gave the opportunity to respond to some of the areas and give more assurance to some of the actions taken. It was reported that operations had been aligned which had allowed for a 28% cut in budget, and there had been other major changes since then as well. The governance of projects and the transformation of ASC had been significantly strengthened. The Learning Disability Service had been restructured and this had been led by the Executive Director Children's Services. There was also joint working with Health colleagues in relation to reablement. ASC was now in a situation where there was strong governance and performance was improving.

In relation to contracts, significant progress had been made in both the management of contracts and the relationship with the independent and third sector. The ASC Contracts Team had transferred, initially for a period of six months into Procurement Lincolnshire. Procurement Lincolnshire was also working closely with commissioning and operational colleagues to review contract arrangements and to ensure that effective day to day working relationships were in place.

The main financial issue was the projected overspend, which had been reduced, and at the current time a £6.5m overspend for this financial year was being reported, however, there were some areas which were reporting an underspend. The Service was trying to make effective use of funding provided for reablement.

There were three main strategic risks for Adult Social Care which were as follows:

- Safeguarding Adults
- Market supply to meet eligible needs
- Funding and maintaining financial resilience

The Committee was provided with the opportunity to ask questions to the officers present in relation to the information contained within the report, and some of the points raised during discussion included the following:

- There were concerns regarding whether the base budgets were correct as ASC had reported overspends over several years, and the Committee was informed that an independent review of the ASC budget had been commissioned from KPMG to address this;
- There were Performance Improvement Plans for each area;

- A key area was the work which was taking place with the CCG's around reablement;
- It was hoped that the '14 forward' work would help to establish a service which would work;
- The current AIS system was comprehensive from the point of view of recording and referrals, but it was not yet ready for personalisation as a concept, but it was acceptable in terms of allowing people to carry out their core work;
- Mental health services were delivered through Section 75 agreements and were completely outsourced;
- ASC were working to reduce the number of people in residential accommodation, but the number of hours that staff needed to spend with service users was increasing;
- The local government finance settlement would use the census data to help shape its decision;
- There was also a significant risk in terms of operational staff not being able to make placements;
- In terms of implementation, the Service was more or less on target, and improvements were being made, the challenge was in meeting the financial constraints which were being placed on services at this time;
- ASC was being monitored through the Transformation Board;
- The amount of market competition for services depended on the type of service, and it was important to ensure that there was enough provision across the county;
- It was important to have the right contract at the right price and in the right place;

RESOLVED

1. That the current status of the Adult Social Care assurance regime be noted;
2. That additional data be brought back to a future meeting;
3. That future reports be prepared in this format;

38. LINCOLNSHIRE AUDIT COMMITTEE FORUM

The Committee received a report which provided information on the recently held Audit Committee Forum meeting which was held on 3 October 2012. The aim of the forum was for Audit Committee members to meet and share good practice and experience.

It was reported that there had been positive feedback from the meeting, and three members from this Committee had attended. It was also noted that KPMG had been invited and provided an update on the new Public Audit arrangements. During discussion of the report, the following was highlighted to the Committee:

- Financial Statements – current practice in local authorities was to present 'draft' accounts for auditing with some loose ends still to be firmed up. There was the opportunity for fee reduction based on accounts which were ready for final audit with no gaps and supported by good working papers. The County Council's arrangements were more robust than those of some of the districts;
- There was assurance from the Section 151 Officer on the lessons learnt from 2011/12 closure of accounts and that there was confidence in the quality assurance processes in place;

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- Protocol had been developed that clarified expectation and made the best use of the combined Audit resource;

Members of the Committee were provided with the opportunity to ask questions to the officers present in relation to the information contained within the report, and some of the points raised during discussion included the following:

- There would be minimal change in relation to the external audit team in the first year;
- It was suggested that colleagues from other organisations such as housing associations and clinical commissioning groups (CCG's) should be invited to attend meetings;
- The presentation from KPMG was very general, but it was suggested that they attend a future meeting to give a more in depth refresher presentation;

RESOLVED

That the contents of the report be noted.

39. ANNUAL EXTERNAL AUDIT LETTER 2011/12

Consideration was given to the Annual External Audit Letter for 2011/12 which summarised the findings of the District Auditor following the external audit of Lincolnshire County Council and the Pension Fund.

RESOLVED

That the report be noted.

40. WORK PLAN

Consideration was given to a report from the Executive Director Resources and Community Safety, which provided the Committee with information on progress on agreed actions and its work plan up to July 2013.

It was suggested that a training session take place prior to the next meeting due to be held on 28 January 2013, and that the training would start at 9.00am, and the meeting of the Audit Committee would start at the slightly later time of 10.30am.

RESOLVED

1. That the progress of agreed Actions in Appendix A be noted.
2. That the work plan set out in Appendix B be noted.
3. That the agenda items for the Committee on 28 January 2013 be agreed

The meeting closed at 11.55 a.m.