

**AUDIT COMMITTEE  
23 JULY 2018**

**PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)**

Councillors A J Spencer (Vice-Chairman), P E Coupland, A P Maughan, R B Parker, P A Skinner and A N Stokes

Also in attendance: Mr P D Finch (Independent Added Person)

Councillors: attended the meeting as observers

Officers in attendance:-

Rachel Abbott (Audit Team Leader), John Cornett (External Auditor, KPMG), Bev Finnegan (Programme Manager), David Forbes (County Finance Officer), Mike Norman (External Auditor, KPMG), Lucy Pledge (Audit and Risk Manager), Ian Reed (Emergency Planning and Business Continuity Manager), Dave Simpson (Technical and Development Finance Manager), John Wickens (Chief Digital Officer), Richard Wills (Executive Director, Environment and Economy) and Rachel Wilson (Democratic Services Officer)

14 APOLOGIES FOR ABSENCE

There were no apologies for absence.

15 DECLARATION OF MEMBERS' INTERESTS

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

16 MINUTES OF THE MEETING HELD ON 25 JUNE 2018

RESOLVED

That the minutes of the meeting held on 25 June 2018 be signed by the Chairman as a correct record.

17 CONSIDERATION OF EXEMPT INFORMATION

RESOLVED

That in accordance with section 100(A) (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the consideration of agenda item 5 on the grounds that if they were present there could be a disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

18 IMT AUDIT RESPONSE

Consideration was given to an exempt report which provides an update to the Audit Committee on the IMT services actions and responses to questions raised in the IMT Combined Assurance Report, regarding the cyber security and asset management reports.

A number of questions from members were responded to by officers.

## RESOLVED

That an update report on progress made would be brought back to the meeting of the Audit Committee in September 2018.

**The meeting continued in public**19 AUDIT COMMITTEE ANNUAL REPORT JULY 2018

The Committee received a report which provided the opportunity to consider the effectiveness and workload of the Audit Committee in providing a "watchdog" function, promoting and ensuring good governance and accountability in Lincolnshire County Council.

It was reported that the Chairman planned to take the report to the meeting of the County Council in September.

Members 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:

- It was queried whether the last paragraph under Financial Control – Payroll System (p.31 of the agenda pack) sounded too enthusiastic, and the following was suggested instead "The Committee had been given verbal assurance that the payroll system was working towards substantial assurance".
- It was clarified that the reporting year for the Annual Report ran until July, and it was suggested that this was made more obvious, and it was agreed to add this information into the introduction.
- In relation to Appendix 3 of the report it was queried whether the dots could be changed to crosses to make them easier to see.
- In relation to page 46 of the agenda pack, it was suggested that it should be made clearer that scrutiny chairman should be made aware that they could refer things to audit.
- In appendix B of the report it was stated that the majority of Committee Members felt able to contribute, and it was suggested that this should be everybody on the Committee.
- On page 48 of the report, it was felt more emphasis should be given to the meeting between the Audit and OSMB Chairmen as it was thought that a lot

had come out of that meeting in terms of working together in the future, for example in relation to the risk register.

- It was queried whether inclusion of the attendance data was necessary, and it was commented that it was an accountability mechanism and should remain in the report.
- It was highlighted that the meeting referred to on page 48 of the agenda pack should read 2018 instead of 2019.
- It was noted that IMT governance continued to be of serious importance to the Committee which would be keeping a watching brief on it over the coming months.
- It was commented that in relation to IMT the Committee had seen good progress, but there was still a need more and to keep up the pressure.
- It was commented that in terms of IMT, it seemed to have moved from firefighting to a planned route of action.
- It was reported that the amended version of the Annual Report would be circulated to members. If there were any further comments members were asked that they be sent directly to the Audit and Risk Manager and that the Chairman should be copied in.

#### RESOLVED

That the draft Annual Report be noted.

#### 20 BUSINESS CONTINUITY MANAGEMENT

It was reported that Business Continuity Management (BCM) was highlighted with lower assurance as part of the Finance and Public Protection Combined Assurance Status Report which was presented to the Audit Committee in January 2018. The report updated members on progress made by the Emergency Planning and Business Continuity Service since this report was published and informed the Committee of the work still outstanding.

Members were advised that in 2016, the Emergency Planning Service underwent a restructure and Business Continuity became a part of that Service.

It was noted that the Emergency Planning unit had seen an unprecedented amount of incidents over the last 12 months.

Members were guided through the report and 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:

- In terms of IT capacity for individual councillors and staff and the regularity with which councillors were not able to function, it was queried when it stopped being 'business as usual'. It was also queried what emphasis was put on councillors not being to be contactable on a reliable basis, as they were not able to function in the way that they wanted to.

- It was noted that corporate communication plans had been developed about how to communicate with staff and members in events of IT outage, and how to inform people that there was an IT problem.
- As part of the Steering Group work, the Service was looking for an elected member to champion business continuity.
- It was commented that the Committee should be concerned with whether the new processes were being put in place and whether it could get assurance on the processes. However, it was thought that these assurances were in place.
- It was queried how often the documentation was reviewed, and members were advised that training was carried out for staff as well as managers. The assessments were revised on an annual basis as things changes and Emergency Planning and Business Continuity Officers would go through these with managers.
- All key staff would be identified as part of the process.
- It was queried whether the Team carried out any horizon scanning. Members were advised that Plans were based around four things – loss of people, premises, IT or utilities.
- It was queried whether there was a Business Continuity Plan in the event of non-executive councillors IT failure which was not fixed within three days. It was noted that Plans were generally focused around critical systems or services, and in the event of a critical incident, all the relevant people would be brought together. It was suggested that this query be taken to the Steering Group to seek assurance, about keeping key people connected.
- With regard to the Sustainable Transformation Plan (STP), it was commented that this could cause a lot problems in relation to business continuity due to reduced resources in the NHS.
- It was queried whether IT issues for councillors fell into 'business as usual' for Democratic Services.
- In terms of horizon scanning, it was noted that during the last IT outage, some of the areas which had not been deemed critical, did become critical due to the time of year that the outage occurred e.g. school transport.
- It was also noted that as the authority had experienced these critical incidents, those areas which did have a BCP in place, had since put one in place.
- In terms of finance, there was only one critical system, which was the ability to perform the treasury management function of the Council.
- It was also noted that not being able to maintain the governance of the organisation was also a critical issue.

#### RESOLVED

That the Committee note progress made since January 2018 and also notes the work that was still outstanding.

#### 21 ANNUAL REPORT ON CORPORATE COMPLIMENTS AND COMPLAINTS

Consideration was given to a report which provided an update on Corporate Compliments and Complaints, a description of performance data and improvement actions. It was reported that there had been an increase in the number of complaints

that reflected an increase in business, particularly for Adult Care and Community Wellbeing services, and also reflected particular activities in other areas, including the development of a new hazardous waste recycling unit and changes to Telecare charging. It was also reported that complaints handling was improving, with good progress made against the new corporate indicator of responding within one day (previously within five days). Lessons were being learned from complaints and improvement actions implemented. Members were advised that work was still underway with a single system for handling complaints. The report presented built on the annual report which was presented to Audit Committee in November 2017.

Members 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:

- Officers were thanked for a thorough report, and commented that it was positive that the feedback loop was in place and progressing.
- It was queried whether officers were satisfied that learning was taking place from the feedback, and that it wasn't just a product of changing policies.
- It was queried whether there were concerns that there seemed to be a trend for the compliance with the resolution of complaints outside of 10 business days to be decreasing from quarter 1 to quarter 4.

Post meeting note: In exploring the reduction in percentage of complaints resolved within 10 days in Quarter 4, it has been identified that, whilst some complaints were completed within the timeframe there was difficulty in closing some down. This issue will be fully explored with findings addressed by the Data & Training Sub Groups.

- It was suggested that there may be a need to look at numbers, and not just percentages.
- Whilst it was acknowledged that many complaints were unsubstantiated, it was commented that there was a need to be aware that there were disgruntled people.
- Members were advised that complaints were a means of finding out what was going on in communities, and the authority should not be afraid of receiving them, and people should not be discouraged from complaining.
- There was also a need to ensure that people's experience of the complaints system was not a negative one.
- It was queried what level of member involvement there was with complaints, and whether any members liked to 'get a feel' for what the nature of complaints were about. It was confirmed that member involvement was a part of the action plan. It was commented that members would appreciate being informed if a complaint had been received from someone in their electoral division.
- Members were informed that compliments received were also being looked at.

RESOLVED

That the comments made in relation to the report be noted.

22 WORK PLAN

Consideration was given to a report which provided the Committee with information on the core assurance activities currently scheduled for the 2018/19 work plan.

It was confirmed that a report on IMT would come back to the meeting on 24 September 2018. However, it was commented that it would not be useful to have it on the agenda if the reporting deadlines for actions had not been met. Members were advised that this would be checked prior to the report being added to the agenda, and if necessary it could instead go to the November meeting.

It was confirmed that an audit opinion on the payroll audit would be provided at the November meeting.

It was also noted that the Combined Assurance reports for all directorates were due to come to the Committee in January, and it was commented that this would be first of these meetings for the new Chief Executive and Corporate Management Board.

## RESOLVED

That the Work Plan, as set out in the report, and additional comments made be noted.

23 EXTERNAL AUDIT'S ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE ON LINCOLNSHIRE COUNTY COUNCIL'S STATEMENT OF ACCOUNTS AND LINCOLNSHIRE COUNTY COUNCIL PENSION FUND ACCOUNTS FOR 2017/18

Consideration was given to the External Audit ISA260 report 2017/18 which was presented by KMPG, the Council's external auditors. Members were guided through the report, with particular attention paid to the summary section on the financial statements and the control environment as well as the value for money arrangements.

Members 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:

- It was commented that the working papers had not been up to the same quality as previously, and it was queried whether this was due to the shorter time scale or staff carrying out tasks they were not qualified for. Members were advised that the external auditors had not interpreted it as staff carrying out functions they were not capable of, but as a result of the faster close down. However, this had been highlighted as a risk.
- It was noted that there had been changes in key members of staff within the Finance team and it was thought the team had worked very hard to get to this position.
- Confirmation of investment values had been requested from the banks earlier in the year, but had not yet been received.

RESOLVED

That the report be noted.

24 FINAL STATEMENT OF ACCOUNTS FOR LINCOLNSHIRE COUNTY  
COUNCIL FOR THE YEAR ENDED 31 MARCH 2018

Consideration was given to a report which presented the final Statement of Accounts for Lincolnshire County Council for the financial year 2017/18.

It was noted that there were a number of minor alterations to the Accounts, since they had last been received at the meeting on 25 June 2018. Officers were in the process of agreeing these with changes with KPMG and it was noted that many of the changes were presentational and were listed in the report at paragraph 1.9.

RESOLVED

1. That the update of the External Auditor regarding their audit work of the draft Statement of Accounts be noted;
2. That the Letter of representation be approved on behalf of the Council to enable the Audit Opinion to be issued following the update of the External Auditor
3. That the Statement of accounts for 2017/18 be approved, taking into consideration that further changes may still happen that would be agreed between the External Auditor and Senior Officers to enable publication by the deadline of 31 July 2018.

The meeting closed at 12.02 pm